The nation weeps
Michael Thompson-Noel

HAWKS &

**EBRD**
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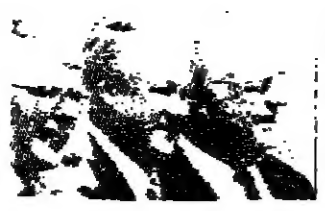

**G7**
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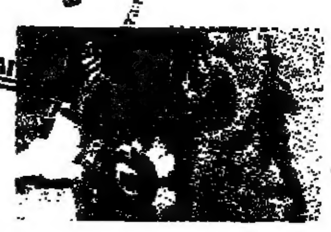

**South Africa**
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# FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY APRIL 13 1993 — D8523A


## Nato warplanes enforce Bosnia 'no-fly' zone

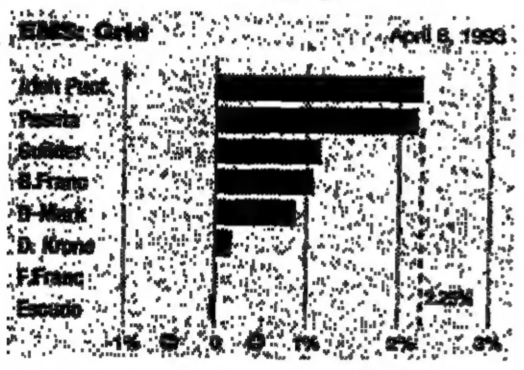
Nato fighters started policing airspace over Bosnia as a Serb artillery attack was reported to have killed 35 people in the eastern Moslem enclave of Srebrenica. The combat mission using US, French and Dutch warplanes was Nato's first since the alliance was formed in 1949. Page 14

**Yeltsin's 'no shock' pledge:** Russians would face "no second shock" in economic reform, Russian president *Boris Yeltsin* promised as he launched his referendum campaign. Page 14; Background and Japan aid package, Page 3

**Tokyo economic package due today:** Japan's ruling Liberal Democratic party and finance ministry officials were involved in last-minute haggling over measures to stimulate the economy to be made public today. Page 4

**Checks on Russian N-plants:** Safety checks have been ordered at every Russian nuclear installation after an explosion at a plant at the closed *city of Tomsk-7. In Ukraine* a fault in a steam turbine shut one of two reactors still operating at the Chernobyl nuclear power plant. Page 3

**European Monetary System:** The French franc ended last week in a strong position against the D-Mark, even though a disappointingly small cut in the Bundesbank's "repo" rate on Thursday did not lead to a cut in official French interest rates as many dealers had expected. The D-Mark was generally weaker against most other European currencies, with only the Portuguese escudo trading in the lower half of its permitted trading bands against the Ecu. Currencies, Page 29




*The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. The Spanish peseta and Portuguese escudo operate with 6 per cent fluctuation bands.*

**UK hard line on N Sea tax changes:** The oil exploration industry should not expect changes to controversial Petroleum Revenue Tax reform proposals, according to UK Treasury (finance ministry) officials. The new rules end tax relief on exploration work in the North Sea. Page 8

**Lloyds Bank,** one of the four main UK clearing banks, is unlikely to to increase its 60 per cent stake in Lloyds Abbey Life, its insurance arm, Lloyds' chief executive Brian Pitman has indicated. Page 15; Lex, Page 14

**East-west trade dispute:** Hungary has been thrust into conflict with western Europe after a one-month Brussels ban on imports of live animals, meat, milk and dairy products. Page 14

**Nomura role in GPA issue urged:** Mitsubishi Trust and Banking Corporation, biggest shareholder, of debt-ridden aircraft leasing company GPA, is urging its financial adviser, Nomura International, to take up part of the company's $200m convertible preference share issue. Page 15

**Japan attracts UK institutions:** Almost a quarter of *Britain's leading institutional* investors plan to increase holdings of Japanese equities, according to a survey for Smith New Court, UK securities house. Page 16

**Intel** recorded first-quarter net profits of $547.9m on the back of brisk personal computer sales to consolidate its position as the world's leading computer chip maker. Page 17

**Alps Electric,** Japanese electronics parts manufacturer, expects to reveal consolidated net losses for the first time when it reports its results for the year to March 1993. Page 17

**Filipino fighting leaves 42 dead:** Forty-two people were killed in clashes between Filipino troops and communist rebels despite government offers of peace talks.

**Piper Aircraft Corporation,** one of the few remaining manufacturers of small aircraft in the US, is to sell most of its assets to Pilatus Aircraft of Switzerland. Page 17

**Sikh hijackers given life:** Seven Sikhs were given life terms for hijacking an Indian Airlines Boeing 737 on a domestic flight in 1984. The hijackers surrendered in Dubai after failing to gain political asylum in the US.

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| Tokyo Nikkei | 19,882.14 | (-10.04) |
| *New York: lunchtime* | | |
| Dow Jones Ind Ave | 3421.80 | (+25.12) |
| S&P Composite | 447.13 | (+5.29) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds: | $3\frac{1}{16}$% |
| 3-mo Treas Bills: Yld | 2.94% |
| Long Bond | $103\frac{3}{16}$ |
| Yield | 6.792% |

**Gold**

| | | |
|---|---|---|
| New York Comex | | |
| June | $338.2 | (335.9) |

**STERLING**

| | |
|---|---|
| New York lunchtime: | |
| $ | 1.5488 |

**DOLLAR**

| | |
|---|---|
| New York lunchtime: | |
| DM | 1.58375 |
| FFr | 5.3955 |
| SFr | 1.48275 |
| Y | 112.785 |
| Tokyo close Y 112.85 | |
| London markets closed | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Austria | Sch30 | Greece | Dr300 | Lux | LFr60 | Qatar | QR12.00 | | |
| Bahrain | Din1.250 | Hungary | Ft172 | Malta | Lm0.60 | S.Arabia | SR11 | | |
| Belgium | BFr60 | Iceland | IKr180 | Morocco | MDh13 | Singapore | S$4.10 | | |
| Bulgaria | Lv25.00 | India | Rs40 | Neth | Fl 3.75 | Slovak Rp | KSL45 | | |
| Cyprus | C£1.00 | Indonesia | Rp3800 | Nigeria | Naira30 | Spain | Pta200 | | |
| Czech Rp | Kcs45 | Israel | Shk5.90 | Norway | NKr16.00 | Sweden | SKr15 | | |
| Denmark | DKr15 | Italy | L2700 | Oman | OR1.50 | Switz | SFr3.20 | | |
| Egypt | E£4.50 | Jordan | JD1.50 | Pakistan | Rs35 | Syria | S£50.00 | | |
| Finland | FM12 | Korea | Won 2500 | Philippines | Pso45 | Thailand | Bht50 | | |
| France | FFr8.50 | Kuwait | Fils.600 | Poland | Zl 22,000 | Tunisia | Din1.250 | | |
| Germany | DM3.30 | Lebanon | US$1.25 | Portugal | Esc215 | Turkey | L7000 | | |
| | | | | | | UAE | Dh11.00 | | |

## Opposition closes on socialist party in row over financing scandal

# Gonzalez calls early Spanish poll

**By Peter Bruce in Madrid**

SPAIN'S EMBATTLED prime minister Mr Felipe Gonzalez yesterday called an early general election for June 6 in an attempt to staunch the losses his Spanish Socialist Workers party is suffering in opinion polls.

The Spanish socialists are unlikely to suffer quite the same humiliation as their French counterparts did recently, but the conservative opposition Partido Popular has drawn level with the socialist workers party (PSOE) at around 33 per cent of the vote.

*It is also understood* that a private poll carried out for the socialists in the last few weeks has, for the first time, shown the PP ahead.

*The* most likely outcome of the election is that no party will win a majority in the 350-seat Cortes and that either the *socialists or* the PP will form a coalition with one or more regional parties.

The likelihood that the socialists will lose their parliamentary *majority means that a stream of* important legislation due to have been passed this year may now be lost. These include:

- statutes to give the Bank of Spain its independence;
- radical changes in pension fund administration;
- the separation of generation and distribution functions in the electricity industry;
- a law to govern the behaviour of strikers;
- reform of rent controls;
- the stripping of power of professional colleges in order to allow prices to fall.

All are contentious and would need to be *renegotiated under a government* of a different hue.

Mr Gonzalez' move may also unsettle bond and foreign currency markets, with some market *analysts predicting* that Spain will soon come under fresh pressure to devalue the peseta.

Mr Gonzalez has cut short his third term of office after failing, in a critical PSOE executive committee meeting on Saturday, to make good a promise made a week earlier that the party would assume political responsibility for a scandal over the illegal financing of its 1989 general election campaign.

He had led the country to believe that senior party officials would resign because of the scandal. Instead, he was outmanoeuvred by PSOE officials and *was forced to* make a compromise in which no-one resigned but which allowed him to appear to be taking sole control of the party. The financing scandal had *deepened* already serious divisions in the PSOE – largely between Cabinet moderates and leftwing party managers – and the prime minister had to choose on Saturday between making an ethical point or keeping some semblance of party unity ahead of an election he would have had to call before the end of November anyway.

Even supporters in the Spanish press were critical of the outcome of Saturday's meeting, but Mr Gonzalez' announcement yesterday to some extent mitigates charges that he was turning a blind eye to allegations of corruption. *He had hoped to wait until* the end of November in the expectation that the economy might, by then, have begun to show signs of recovery.

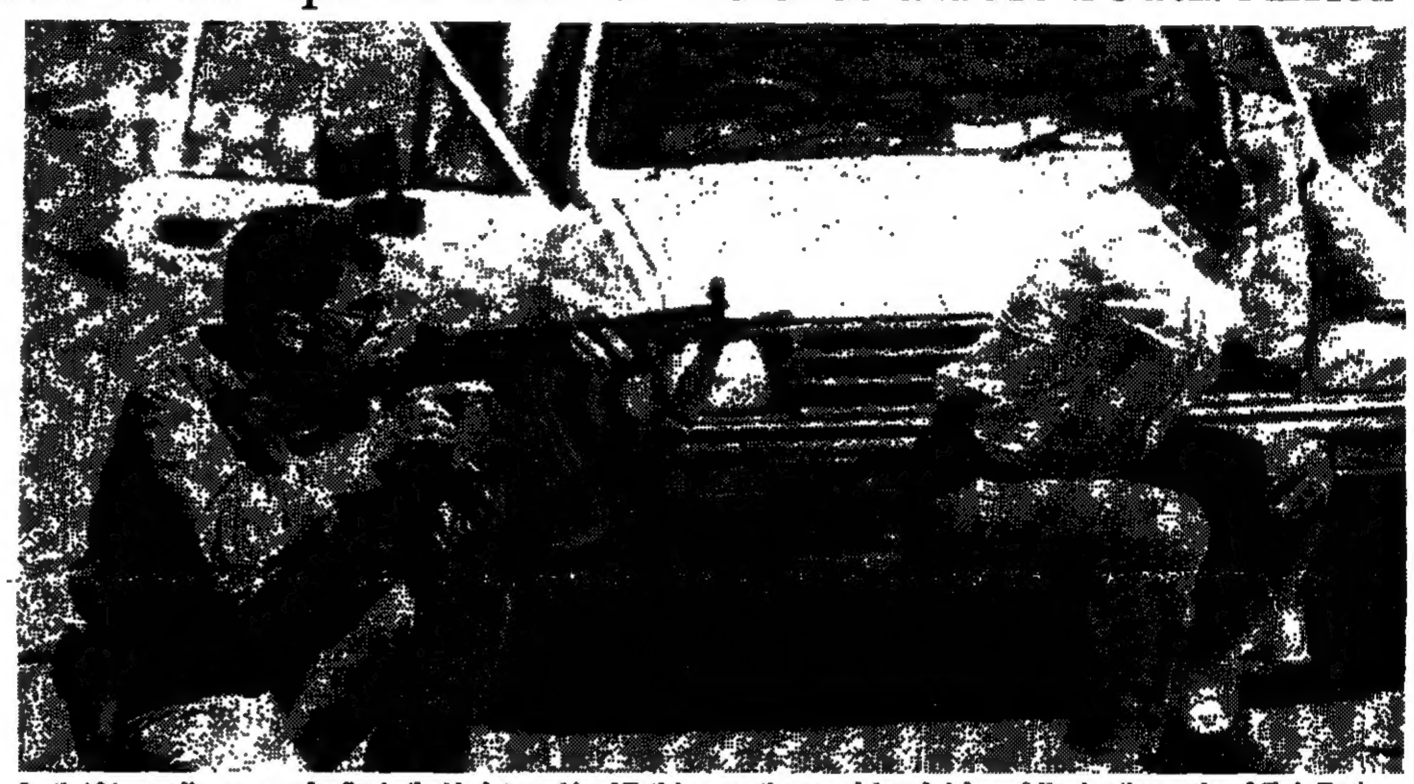
Now, in the prime minister's view, going to the polls in June will put the party to the ultimate test of political responsibility.

Mr Gonzalez will run for a *fourth term but it is not certain* he would stay through a full legislature if the party wins. Poll results until now have reflected the government's difficulties with an economy in recession and a spreading slick of corruption charges, but Mr Gonzalez remains the country's most popular politician and the socialists appear the best organised party.

## Murder of black leader sparks wave of violence across South Africa

# ANC tries to channel anger into protests

**By Patti Waldmeir in Johannesburg**



South African police come under fire in the black township of Katlehong on the second day of violence following the murder of Chris Hani

SOUTH AFRICAN political leaders yesterday struggled to contain violent reaction to the assassination of black guerrilla fighter Mr Chris Hani.

Condemnation of the killing from across the political spectrum, coupled with pleas for restraint from black political leaders, helped to limit the violence.

Mr Eugene Terre'blanche, leader of the right-wing Afrikaner Weerstands Beweging (AWB), while *confirming* that the alleged assassin was an AWB member, condemned the killing as "atrocious" over the weekend.

Meanwhile, the African National Congress attempted to channel black anger into an organised campaign of mass protest action, due to begin today. But the danger that angry activists will fail to heed their call was illustrated yesterday when black gunmen opened fire on police and journalists during a rally in the Katlehong black township east of Johannesburg, one of several gatherings held to *protest at the weekend assassination* of Mr Hani.

The mass action campaign is due to culminate with the funeral of Mr Hani, which is likely to be *one of the biggest political events* in South African history.

*ANC leaders made* clear that negotiations would continue despite the murder. They issued a statement urging respect for whites and condemning racial attacks. "It is true that the person who pulled the trigger that killed Hani is white . . . equally true is that a white person informed the police of the registration and the colour of the car that his murderer used and led to *his arrest. Therefore colour does* not play a role in this instance," the statement said.

Several townships near Johannesburg were reported tense *yesterday, with some looting* and cars burned, though protests appeared to be under control by evening.

The worst incident of apparent reaction came when blacks in a township near Cape Town burned to death three men who had visited an illegal drinking establishment on Sunday. Police said there was no evidence that the killings were directly connected to the Hani assassination, but they probably reflect worsening racial tensions.

Throughout the day yesterday, African National Congress leaders appealed for calm and restraint from their supporters, *who largely appeared* to heed the call. ANC Youth League officials *called for armed attacks* on whites at one township rally, but ANC headquarters deplored the call. Youth league leader Peter Mokaba, one of the most radical ANC officials, defused confrontation during a vigil at the slain Mr Hani's home by insisting on discipline and restraint.

Mass protests begin today with *a picket at the Boksburg magistrate's* court, where the alleged assassin, Mr Janusz Walus, is due to appear. Police said they will charge Mr Walus, a Polish immigrant to South Africa, with Mr Hani's murder.

Signs of resilience in a fragile society, Page 12

# EBRD spends more on itself than it hands out in loans

**By Robert Peston and Jimmy Burns in London**

THE European Bank for Reconstruction and Development has spent over £200m ($300m) since its launch two years ago on fitting out its London offices and meeting overheads, including the use of private jets for its founder and president and a £52,000 party for its staff last Christmas.

This is double the amount it has disbursed in loans and investments to the troubled economies *of eastern Europe and the* former Soviet Union.

*The* cost of fitting out its new City of London offices alone is £55.5m according to an FT analysis. This includes a £22m contribution from the UK government.

The bank, which was set up in April 1991 to stimulate the private *sector in the newly* democratised countries of eastern Europe, spent £18m of UK public funds on its previous offices, which it occupied for just 20 months before moving out last December.

Mr Gordon Brown, Treasury spokesman for the *opposition* Labour party, said he would be asking Mr Norman Lamont, the chancellor and an EBRD governor, about the use to which UK public money had been put. "These are serious matters which require answers", he said.

The UK provided the EBRD with a special grant *of £40m* as an incentive to locate its headquarters in London. A Treasury official said: "It is still a very young bank... In its early years it would tend to have higher costs and a smaller loan book".

*From* April 1991 to the end of last year, the EBRD, which holds its second annual meeting in London next week, had disbursed £101m in loans and investments, compared with £201.5m spent on furnishing and equipping its *offices, paying staff,* travel and administrative overheads.

Mr Jacques Attali, the bank's founder and president, said all the bank's budgets had been approved by its board of 23 directors, who represent the 53 western and eastern European countries which own the bank.

EBRD expenditure includes:

- £600,000 last year on hiring private airplanes for Mr Attali, or more than 8 per cent of the *bank's total travel budget.*
- £750,000 on changing the marble in the building's head office.
- £52,000 on a staff Christmas party held at the Grosvenor *House Hotel.*

Mr Attali denied expenditure was excessive.

He conceded that disbursement of loans and investments was slow but said this was a reflection of the bank's caution.

"I would prefer that we do not take risks and find our money has been transferred to a Swiss bank".

Mr Attali said that the EBRD had approved far more loans and investments than it had actually disbursed. By the end of last year, the bank had approved projects with an EBRD contribution of Ecu1.8bn. However, many borrowers have not met the conditions needed for them to draw on this finance.

Spending at the European Bank, Page 6

# Bankers say ERM reform not needed

**By Andrew Hill in Brussels and William Dawkins in Paris**

*THE EUROPEAN* exchange rate mechanism is not in need of fundamental reform, according to senior EC central bankers.

Instead, they believe members of the European monetary system should pay more attention to the existing rules – particularly those which allow more frequent adjustments of European exchange rates within the ERM.

The EC's monetary committee, which meets today in Brussels, is in the final stages of preparing a report on the workings of the ERM, which will be submitted to finance ministers at their informal meeting in Denmark *on May* 22.

The monetary experts' report could reignite the debate which raged in Europe in the aftermath of the September *foreign* exchange crisis. Since then, finance ministers, preoccupied with talks about how to encourage EC economic growth, have left the technicians to their work. But there is still a strong undercurrent of political concern about the risk of "competitive devaluation" of EC currencies, and the need for greater coordination between Germany and other Community members on interest rate policy.

The monetary committee of senior central bank and treasury officials, together with the European Commission and the committee of EC central bank governors, is examining what went wrong last September when currency turmoil forced the lira and sterling out of the ERM. Since then, Spain, Portugal and Ireland have had to devalue their currencies to stay within the ERM.

At the time, Mr John Major, the British prime minister, blamed "fault-lines" in the ERM *for the problems, and called for* its reform. But central bankers say there has been little serious talk of reform at their meetings. The secretive monetary committee, *which is unlikely to publish* its analysis and recommendations, is believed to oppose major changes.

Mr Alfons Verplaetse, governor of the Belgian central bank, said: "The lessons from the turmoil

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CONTENTS



 No 32,036 Week No 15 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

# Italian referendum campaign nears end

By Robert Graham in Rome

THE final phase of a lacklustre campaign begins this week to convince Italians to vote in eight separate referendums that range from changes in the electoral laws to depenalising the use of drugs.

The referendums, due to be held on April 18 and 19, underline the inability of the Italian parliament to carry out comprehensive constitutional reform. The outcome will determine whether Italy drops proportional representation in favour of a majority voting system in future elections.

The campaign is being headed by Mr Mario Segni, the leader of the referendum movement who decided to end his 16-year membership of the Christian Democrat party two weeks ago. He has been the driving force behind the most politically significant referendum proposal – to abolish the existing system of proportional representation for electing the Senate.

He is proposing that two thirds of the Senate be elected by a majority vote and the remainder by proportional representation to safeguard minority parties. Although the proposal does not apply to the chamber of deputies, if it is backed parliament will be obliged to extend the majority vote principle to the lower house.

The other referendum proposals are:

- Abolition of the ministries of agriculture, tourism and state shareholdings;
- Removal of environmental controls from local health authorities;
- Ending state funding of political parties;
- Decriminalising personal drug use;
- Abolishing state control of bank/savings board nominations.

Two other proposals have been removed by the constitutional court in the past two weeks since the government has already introduced compatible legislation. These cover the ending of state aid to the Mezzogiorno (the south) and the direct election of local mayors.

All the main parties are now backing the Yes vote; the four-party coalition government in particular does not wish to be seen as anti-reform.

Opinion polls, never very accurate in establishing Italian voting behaviour, are agreed that the Yes vote will win. However, the percentage varies from 58 per cent to 76 per cent. The extent of support for the vote will help determine the composition of the government after the referendums.

A large vote in favour of reform is likely to put pressure on President Oscar Luigi Scalfaro to appoint a government with new faces and a distinct reformist stamp.

Another factor likely to influence the outcome of negotiations to form a government is the promise of further revelations this week about alleged links between Mr Giulio Andreotti, the veteran Christian Democrat politician, and the Sicilian mafia.

# Fiat tries to brush off the impact of arrests

By Haig Simonian in Milan

WHILE its factories start humming again after the Easter break, a growing silence is descending on the executive eighth floor of Fiat's headquarters on tree-lined Corso Marconi in Turin.

The issue last week by Milan magistrates of a cautionary warrant against Mr Giorgio Garuzzo, Fiat's chief operating officer, takes to seven the number of its senior executives embroiled in the country's political corruption scandals.

The focus of the magistrates has moved steadily up Fiat's executive hierarchy in recent months. The latest detentions of top officials have cast doubt on the ability of Italy's biggest private sector company to brush off the scandal's impact.

Mr Garuzzo, in London on business when the warrant was issued, is expected to return to face the magistrates this week. His lawyers are trying to negotiate the terms of his return, and he will probably be hoping to avoid the 38 days spent in Milan's San Vittore prison by his counterpart, Mr Francesco Paolo Mattioli, Fiat's chief financial officer, arrested in February.

The absence of one, and possibly both, senior executives could hardly come at a worse time. Fiat is at the start of a crucial model replacement programme designed to restore competitiveness, especially in the crucial domestic market, where its share fell to 43 per cent last month.

To compound matters Fiat is in the run-up to the change of chairman from Mr Agnelli to his younger brother Umberto. Meanwhile, Mr Cesare Romiti, Fiat's veteran chief executive, will eventually make way for a younger successor, widely seen as Mr Garuzzo.

So far, Fiat has played down the impact of the arrests on its affairs, stressing the image of business as usual and the innocence of its managers, whom it implies were victims of a corrupt system. It has discreetly attacked magistrates' use of summary arrests and detentions to extract confessions.

Significantly, its tactics changed slightly with Mr Garuzzo. Fiat alluded to the potential damage to its business. Pointing to recession and cut-throat competition, Fiat said the magistrates' tactics left it "preoccupied".

Fiat has been dealt a difficult hand by the arrests. Immense public support for the magistrates rules out direct attacks. A ham-fisted approach could also be taken as "proof" of its guilt.

Pointing out the potential risks of the investigations to one of Italy's biggest companies is far more astute. Recession and fears of rising unemployment mean public opinion is more receptive to arguments based on business, rather than legal or political, grounds.

But Fiat does not want to create undue uncertainty among its workforce or shareholders. Its shares have been rising sharply this year on a variety of fundamental and speculative factors, and it would think twice about creating an atmosphere of uncertainty.

Yet there is no doubt the investigations are now hurting, and not just the group's image. The impact is twofold. First, with the arrest of Mr Mattioli and likely detention of Mr Garuzzo, two of Fiat's three most senior non-family executives have now been sidelined.

Mr Mattioli, now out of jail but under house arrest in Rome, is in charge of Fiat's financial affairs and non-industrial activities, such as the big Fidis financial services operation.

Mr Garuzzo is the head of Fiat's industrial operations, principally the auto business.

The arrests of two such senior figures inevitably trigger doubts as to how secure are the positions of those further up the ladder.

Only a few weeks ago, just suggesting magistrates might consider acting against Mr Romiti, let alone one of the Agnellis, would have been considered a joke. Given the magistrates' current confidence and the new mood sweeping Italy, such hints are no longer a laughing matter.

# Haggling on Nafta unlikely to satisfy opponents

By Nancy Dunne in Washington

TRADE officials from the US, Canada and Mexico today will resume negotiations on the North American Free Trade Agreement, although the labour and environment side pacts being proposed by the US are unlikely to mollify the strong opposition to the pact in the US Congress.

According to a senior US trade official, the negotiators, meeting in Mexico City this week, will "put flesh on the skeleton" of ideas for the supplemental pacts, discussed in Washington in mid-March. The Clinton administration will propose to establish trilateral commissions, to promote supervision and co-operation on labour and environment.

The commissions could produce reports, which would not be binding, and "the kind of transparency and scrutiny of what governments are doing that would ensure that non-enforcement would be much harder to justify," the official said.

"Ultimately we feel there would be a need for some sort of dispute settlement between governments in situations where these international commissions reveal problems that are not being attended to on a consistent basis."

Although the administration is "very carefully" studying whether to allow governments to impose sanctions – one demand which tops the lists of most of the Nafta's environment and labour advisers – there is still widespread scepticism about the side pacts.

"The Clinton people boxed themselves into a corner politically by promising not to change any of the original agreement," said one Nafta opponent. "Not only has the administration inherited all of the problems of the package negotiated by the Bush administration, it is doing little to correct it."

Ms Leesteffy Jenkins, legal adviser on trade to the Humane Society, complained of "disingenuous" replies received during last week's briefing by a senior trade official when she asked whether the side agreements would specify the legitimacy of "process standards" of the type which ban the import of Mexican tuna caught in drift nets.

"For an administration that was so renowned for its political cunning, I'm very confused," said Ms Lori Wallach of Public Citizen. "In the face of not only public opposition, but congressional demands, why are they not doing something major to turn Bush's Nafta into Clinton's Nafta?"

# GM challenges truck ruling

By Patrick Harverson in New York

GENERAL Motors was preparing new evidence yesterday to present to the US government about the safety of its 4.7m trucks built with side-mounted fuel tanks. Federal safety authorities said last week that the trucks were unsafe and should be recalled.

The National Highway Traffic Safety Administration did not order the trucks to be recalled but asked the Transportation department to request a recall based upon its preliminary analysis of the truck's design. However, GM has chosen to respond immediately to the NHTSA's ruling, which if implemented, could cost the company $1bn (£662m) and seriously damage its image with consumers.

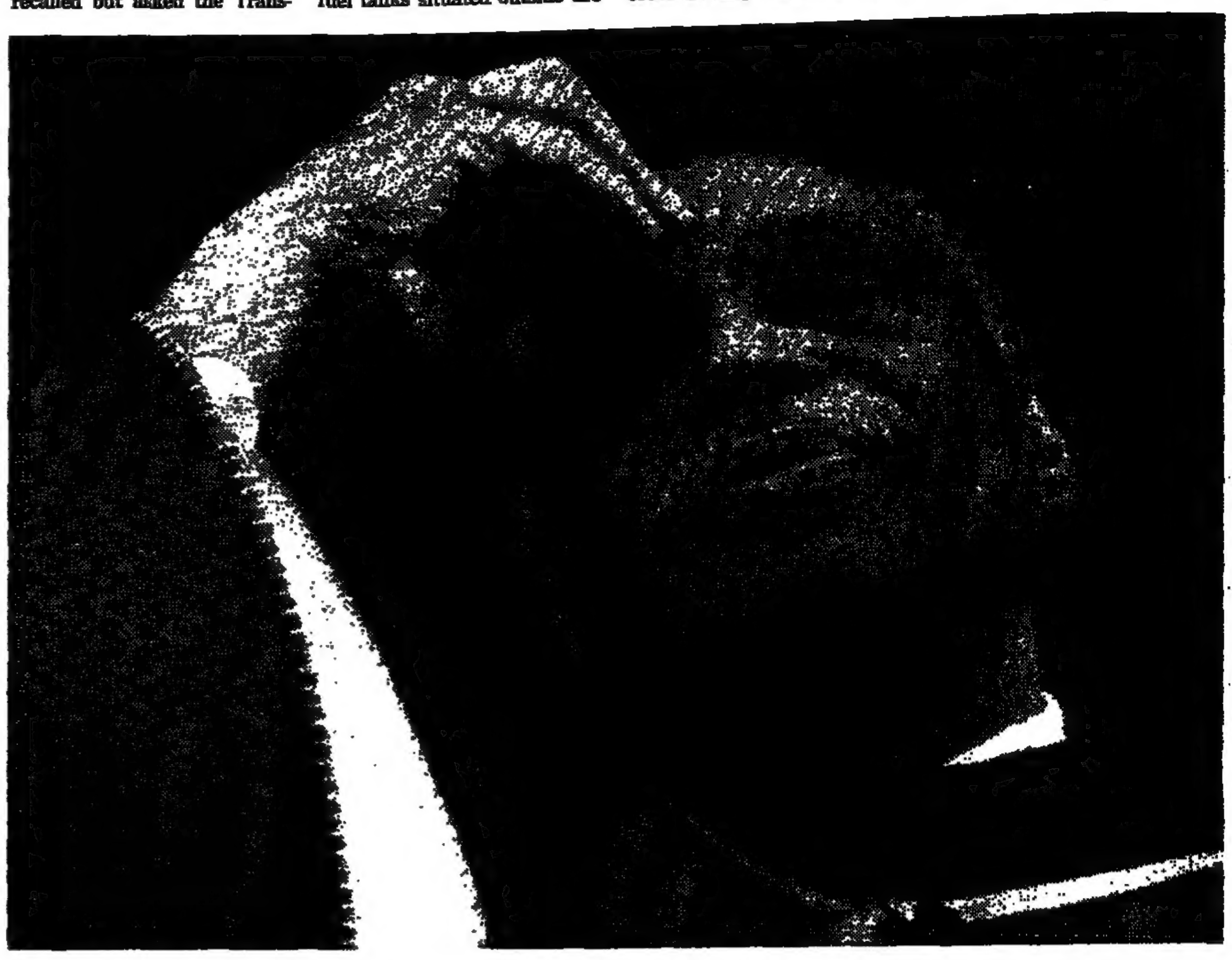
GM has until the end of the month to provide the NHTSA with new evidence that its 1973-1987 model pickup trucks, built with twin "side-saddle" fuel tanks situated outside the vehicle's frame, are not unsafe.

After its preliminary inquiry, the NHTSA said the design made the truck more prone to fire risk in side-impact collisions than similar models constructed with the fuel tanks inside the frame. GM insists the trucks were built within federal safety guidelines.

If GM fails to convince the NHTSA that the trucks are safe, the agency could continue its investigation, hold public hearings, and seek a court order forcing the company to recall the trucks.

Such an outcome would breathe fresh life into dozens of lawsuits already filed against the company.

The latest development in the truck safety row comes at a difficult time for GM, which is trying to rebound from heavy losses and shore up its declining market share. News of the NHTSA's ruling unsettled investors yesterday, depressing GM's share price by $⅝ to $38⅞ on the New York Stock Exchange.



Reverend Cecil Murray of South-Central LA calls for peace regardless of the verdict in the Rodney King case

# Los Angeles tense as civil rights verdict awaited

By Louise Kehoe in Los Angeles

LOS ANGELES waited nervously yesterday as jurors in the the Rodney King civil rights case resumed their deliberations.

City streets were unusually quiet and police were on the streets in the central area.

The four Los Angeles police officers on trial in a federal court were accused of violating the civil rights of Mr King, a black motorist who was beaten by police following a car chase. Their acquittal last year in a state court enflamed racial tensions in the city and sparked the worst urban riots in US history, killing more than 50 people and causing an estimated $2bn in damage.

The second trial has raised widespread fears of a repetition of last year's mayhem, but Los Angeles' new police chief, Mr Willie Williams, has tried to calm fears by putting police on the streets and having national guardsmen stand by.

Despite videotape evidence, the outcome of the civil rights trial was difficult to predict.

On Saturday, Judge John Davis announced that he would not heed requests by local and state officials, including the police, school superintendent and mayor, to delay the announcement of the verdict.

Rather than keep jurors waiting, he told lawyers in the case to be prepared to appear in court at 15 minutes' notice.

The court was under intense pressure to end the case as quickly as possible, amid rising tensions throughout the city.

On Easter Sunday church and community leaders appealed for calm, regardless of the outcome of the trial.

"We have some consensus. This is our city. We must maintain it," said the Rev. Cecil Murray. "We must show the nation and the world that if it can happen in Los Angeles, it can happen elsewhere. . . citizens, door to door, heart to heart, saying, 'Let's be cool'."

# Swiss seek closer EC security ties

By Ian Rodger in Zurich

SWITZERLAND is seeking closer security ties with other European countries, in spite of its traditional strict neutrality policy and the rejection by Swiss voters last December of closer economic ties with the European Community.

The Swiss foreign ministry yesterday confirmed a Zurich newspaper report that closer ties were being sought with European security organisations. But it said membership in the North Atlantic Treaty Organisation or the Western European Union was not being considered.

The Swiss government, which is not even a member of the United Nations, has been reviewing its foreign and security policies since the end of the cold war and in the light of advances in military technology. A report by a group of experts in March, 1992 recommended that only the strictest definition of neutrality – not participating militarily in wars between other countries – should be retained.

# Romanians seek haven abroad

## Virginia Marsh writes on the rush to escape poverty at home

ADRIAN, a 32-year-old engineer, has just lost his life savings of $1,400 – more than double the average Romanian's annual salary – in an unsuccessful effort to enter Germany smuggled in a Turkish lorry over the Czech border.

Adrian's story is by no means unique. He is one of more than 1,500 Romanians who were expelled from Germany last month after trying to enter the country illegally.

Others have been more successful. More than 500,000 Romanians are believed to have emigrated since the overthrow of the Ceausescu regime in December 1989.

The reasons for emigration are now primarily economic, according to Mr Padraig Czajkowski, head of the Bucharest office of the Geneva-based International Organisation for Migration (IMO).

"Before 1992 many, typically the well educated, left for political as well as economic reasons. They had either been prevented from leaving in the communist period or else they became quickly disenchanted with the new regime," he says.

"With unemployment and real incomes declining, disillusionment is moving down the social scale. The less skilled are trying to get out too."

He points to the flood of labourers and rural workers who came forward last month after Argentina invited applications from Romanian settlers. The Argentine embassy in Bucharest handed out 25,000 immigration forms over three weeks.

Emigration has also been spurred by realisation that Romania's transition to a market economy will take longer and be more painful than originally anticipated.

An IOM poll taken last year indicated nearly 30 per cent of Romanians did not intend to stay in the country. A further 46 per cent said they had considered moving abroad.

"Reforms in Romania have not progressed as quickly as in the central European countries," says a Canadian embassy official. "The young are generally the most unhappy about this. They tell us they want to experience the New World today and not in 20 years' time."

The under-30s, who form the bulk of those trying to leave, have also been hard hit by unemployment. Labour Ministry figures show that, in February, 55 per cent of the unemployed were under the age of 30. Fewer than 8 per cent were over 50.

The US, Canada and Germany are the most popular destinations for would-be emigrants.

"In Berlin, I can earn DM2,000 per month. It's worth the risk of being caught," says Nicolae, a 30-year-old computer programmer, who has been to work in Germany twice. He has used the money to set up his own company in Bucharest.

"Many are still ignorant about the realities of life in the west. They hear that German social security is DM800 per month and think they can live on DM200 and save the rest," says Mr Hubertus Thoma, head of consular affairs at the German embassy in Bucharest.

Last year, 104,000 Romanians sought asylum in Germany, accounting for a quarter of all applications. A further 230,000 were granted visitor visas.

Other western countries have found that many Romanians overstay their visas. Around 50 per cent of those given US visitor visas stay on illegally, according to the US embassy in Bucharest.

Diplomats also report a growing trade in forged visas and passports. "The going rate for a stolen EC or US passport is around $500," says a US embassy official.

More worrying is the increase in human traffic. Adrian may have lost his life savings but he admits things could have been worse.

Others have been found dead on arrival after suffocating in sealed container trucks.

Mr Czajkowski of the IOM believes many more will take similar risks as economic pressures build up.

"The situation in Romania is desperate enough. In the Commonwealth of Independent States, it is worse and likely to deteriorate further.

"With Romania we are dealing with a population of 23m, with the CIS 10 times more. The west will find it difficult to keep these people out."

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Miyazawa wants G7 ministers' meeting in Tokyo tomorrow to discuss the yen's rapid rise too

# Japan to announce $1.2bn aid package for Russia

By Robert Thomson in Tokyo

JAPAN will help Russia dispose of nuclear waste as part of a bilateral aid package worth about $1.2bn to be announced at tomorrow's meeting of foreign and finance ministers from the Group of Seven leading industrialised nations.

Mr Kiichi Miyazawa, the prime minister, who will announce the package, also suggested yesterday that the visiting ministers, in Tokyo for a two-day meeting, should discuss the rapid appreciation of the yen, which closed yesterday in Tokyo at a record Y112.95 to the dollar.

However, the US has supported a stronger yen in the hope of reducing Japan's trade surplus, and is unlikely to agree to international intervention to stabilise the Japanese currency.

The yen's appreciation has gathered pace in recent days, prompting complaints from export industries.

Japan's assistance package is likely to comprise a $1bn trade insurance programme and around $200m in humanitarian aid and technological assistance, particularly to the Russian nuclear industry.

The already tense relationship between Moscow and Tokyo was further soured by reports last month that the Russian navy routinely dumped nuclear waste in the Sea of Japan. There has been no evidence of contamination in Japanese waters, but Mr Miyazawa and other senior ministers were outraged by the dumping.

Japan intends to propose to other G7 members that assistance to Russia be specifically linked to the continued rule of President Boris Yeltsin, whose authority will be tested at a referendum on April 25. Officials in Tokyo say international aid is intended to encourage democracy and it should be made clear to Moscow that the defeat of Mr Yeltsin would compromise that process.

While Japan will announce its own bilateral package, Japanese officials say they will support a move within the Group of Seven to draw attention away from huge figures for multilateral assistance, much of which has yet to be delivered, and which creates pressure for ever larger packages.

US officials in Washington were last week urging Japan, as host to the summit, to increase its aid to Russia.

The bulk of the money available to help Russia in its economic reforms is likely to come from the International Monetary Fund and other multinational financial institutions.

It is expected that the G7 meeting will ratify total multilateral assistance of around $36bn, including already negotiated debt relief, new credits from the IMF, and some carry-over from a $24bn package announced last year.

So far, however, Russia has been unable to meet the IMF's strict conditions for setting up a traditional standby financing arrangement, and discussions have been under way on how to provide funds with looser conditionality.

A US official said, however, that he did not expect conditionality to be weakened, merely "streamlined".

In agreeing to provide bilateral assistance, Japan wants Russia to be "more friendly", and to show a medium-term willingness to discuss the return of the disputed Kurile islands, occupied by Soviet troops at the end of the war in 1945. Japan will not formally raise the issue at the G7 meeting, but will discuss it in separate talks with Russian officials. In Moscow yesterday, Itar-Tass news agency was quoting a local official in the islands as ruling out a settlement for the next 50 to 100 years.

Japanese Foreign Ministry officials are still angry at Mr Yeltsin's abrupt decision to cancel a visit last year, but welcomed reports last night that he might come to Tokyo before the G7 summit in July. Tokyo has complained that he is less willing to receive Japanese visitors than senior officials from other industrialised countries.

At the same time, Japan, as chair of the G7 this year, does not want to be accused of having blocked assistance to Russia and is keen to draw attention to its own contributions.

The $1.2bn in aid will be in addition to $2.4bn in already announced trade insurance and medical assistance, about a third of which has been disbursed.

## Bank agrees to limit credit expansion

By Leyla Boulton in Moscow

THE Russian central bank has agreed to credit expansion limits set by the government, in a move designed to strengthen Russia's credibility with aid donors at tomorrow's meeting in Tokyo.

The agreement was termed "a historic event" by Deputy Prime Minister Boris Fyodorov, who says it means there is hope for a restrictive monetary and credit policy, without which western financial assistance would be wasted.

Mr Viktor Gerashchenko, the central bank chairman who has come under heavy pressure from Mr Fyodorov to co-operate, said yesterday the bank's board of directors had decided to "give the limits a try". But he quickly poured cold water on the agreement, saying the government was "unlikely to be able to stick to it".

"In June they'll have to give teachers advance pay for their summer vacation. So what will the government do then? It will ask the central bank for money," he said. "The only alternative to injecting more money will be to continue fasting until September."

The proposed limit is for central bank credit in the second quarter of this year to increase no more than 30 per cent from the first quarter. According to Mr Fyodorov, inflation in March was down to 18 per cent a month from 30 per cent in January.

Mr Fyodorov has said he would applaud the central bank if it cut off funds to the government when the limits are exceeded. But this is unlikely to happen in practice, if only because the bank will not want to take sole responsibility for the consequences of refusing government pleas for more money.

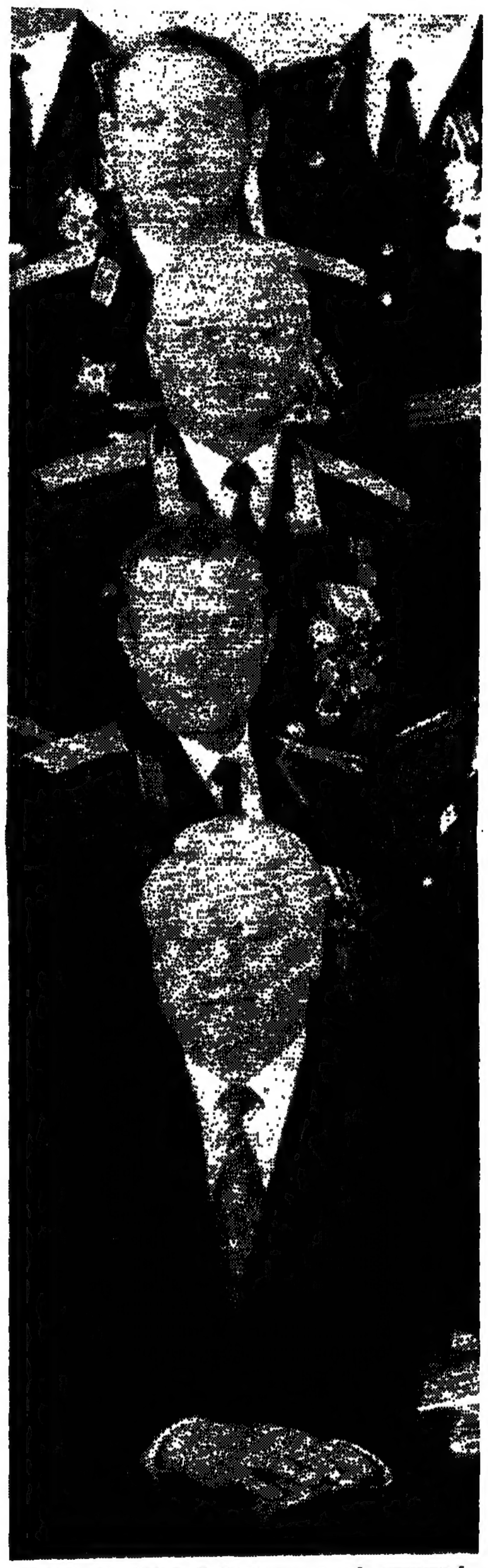
Mr Gerashchenko says that rather than blame him for printing money, the government should slash budget expenditure, introduce competition and limit wage increases to help fight inflation.

Having blamed the high inflation and constant fall of the rouble on the central bank, Mr Fyodorov has already retreated from some of the demands he made of the bank when he took office in December. He first said the government should be made to pay a new increased interest rate of 100 per cent for central bank loans just like commercial banks, but the Finance Ministry is now to continue paying just 10 per cent – in order to avoid a big increase in the budget deficit.

Mr Fyodorov, who says spending pressure is such that satisfying various ministries' demands would require a budget twice as big as envisaged, sees western financial assistance as a cushion to cut expenditure gradually and help reduce inflation generated by the printing of money.

Western governments have been worried about the level of inflation in Russia, fuelled by the printing of money to finance state-owned businesses and the government deficit.

US officials say, however, that an aid package that provided other sources of finance for businesses and the budget deficit could contribute to bringing inflation under control.



President Boris Yeltsin (bottom) at an awards ceremony for army officers and cultural workers at the Kremlin yesterday

## Fyodorov hopes aid will be disbursed quickly

By Leyla Boulton

MR Boris Fyodorov, Russia's deputy prime minister and finance minister, said at the weekend he hoped the G7 ministers' meeting tomorrow would help to set up "mechanisms" for aid to be disbursed immediately after the July summit of western leaders with President Boris Yeltsin in Tokyo.

The prospect of western money flowing after July depends on a tight credit and monetary policy being in place in Russia by then. If Moscow succeeds in this policy, a promised rouble stabilisation fund could be deployed in the second half of this year, Mr Fyodorov suggested.

He did not know what would be on offer at the G7 gathering, although privately he has complained to western officials that Russia has not been sufficiently involved in the elaboration of western proposals for assistance.

Foreign assistance had to show visible benefits to a sceptical Russian population if it was to help promote reform, he said. "If this is another year in which there is a lot of noise or just confirmation of aid promised earlier it would be catastrophic."

Mr Fyodorov has also proposed that the west provide a fund to help the government compensate for the consequences of financial stabilisation, such as the closure of inefficient enterprises like coal mines. A fund is being considered to promote small businesses and to help create jobs to counter rising unemployment. Russia expects unemployment to reach 1m by the summer and is predicting this could rise to 5m this year.

A special IMF facility is being considered to help countries such as Russia in switching to a market economy, in addition to traditional IMF standby loans already available in return for strict conditions.

The special facility, which has yet to be approved by the IMF's board, would amount to the equivalent of 40 per cent of a country's existing IMF quota. This would mean that Russia would be eligible for an additional $2.4bn, in addition to its quota of $6bn, $1bn of which has already been disbursed.

In his news conference at the weekend, Mr Fyodorov also appealed to his own president, prime minister and parliament to avoid "destructive" populist measures in the campaigning for the April 25 referendum and afterwards.

Given that the referendum would be probably be followed by fresh elections in the autumn, Mr Fyodorov warned that the chances for the situation stabilising between now and then were "not great".

## Yeltsin orders safety checks at nuclear sites

By Leyla Boulton

PRESIDENT Boris Yeltsin has ordered safety checks at every nuclear installation in the country after an explosion at the closed city of Tomsk-7 released plutonium and contaminated largely uninhabited forestland.

Prof Alexei Yablokov, the president's adviser on health and the environment, said the checks would be conducted by the official atomic supervision agency, which had previously not been allowed into military sites like the Tomsk-7 complex.

"There will of course be resistance to this but it will be much more difficult for these comrades to resist from now on," he told the Financial Times. He expected the checks would be completed this year. Asked whether Russia had the resources to fix problems that would be uncovered, he replied: "Of course not, but at least we'll know where things are not normal."

Germany and Japan have suggested that help for making nuclear installations safe should be included on the agenda of tomorrow's meeting of Group of Seven ministers, meeting in Tokyo to discuss assistance for Russia and former Soviet republics.

Mr Yablokov could not give any estimates of the damage because he was still waiting for results of tests on samples of earth and snow. The head of the atomic supervision agency was also on the spot to work out how much plutonium, one of the deadliest substances to man, had escaped.

The latest reports however suggest that around 120 sq km had been contaminated by a variety of radioactive substances. The area included a small settlement called Georgievka and far more than the "small stretch of road" initially reported. The tank which exploded, because of a build-up of pressure due to human error, contained up to 500gm of plutonium, part of which escaped into the atmosphere.

In a rare film of the Tomsk-7 chemical plant and adjacent reactors involved in nuclear weapons production, Ms Dilbar Klado, a Russian TV journalist, managed to capture shots including a plutonium storage facility with rusting windows and broken window panes which had been covered up with wood. She suggests the damage was due to a previous, unreported explosion.

She also had evidence that plans were under way to start building a national repository for plutonium but that the building work had been stopped after complaints by local environmental activists.

But in a testimony to security at the facilities, she said that when her bus had strayed off the beaten track because of poor visibility, guards had shot at it.

*AP adds: The No 1 reactor at* the Chernobyl nuclear power plant in Ukraine was shut down yesterday because of a malfunction in the turbine engine, the Itar-Tass news agency said. There was no danger of any radiation being released, according Mr Viktor Vasilchenko, chief engineer at the complex.

The plant has four graphite reactors. Reactor No 4, which exploded in 1986, has been encased in a steel-and-concrete "sarcophagus", and reactor No 2 has been shut down since a fire in 1991.

Mr Vasilchenko said the generator at Chernobyl was being repaired. He said yesterday's incident ranked "zero" on the International Atomic Agency's seven-point scale, meaning it posed no danger.

It is the second shutdown because of malfunction at the Chernobyl complex since March 1. In 1991, there were 270 shutdowns at nuclear plants in the former Soviet Union, according to the State Atomic Security Commission.

## 5m jobless in Russia 'this year'

RUSSIAN unemployment will probably reach 1m by the summer and could rise to 5m by the end of 1993, Mr Oleg Slavutsky, head of the country's federal employment service, said yesterday, Reuter reports from Moscow.

He said the number of Russians out of work was 730,000 on April 1, up from 577,000 at the end of 1992. But he added that the data masked about 1.5m of what he called the "hidden unemployed", including people on short-time work or those being forced to take unpaid leave.

Another 2m or 3m people were unable or unwilling to look for work, he said. He estimated Russia's total workforce to be around about 70m.

"The new law on bankruptcy means that the rise in unemployment will accelerate in the coming months. By the end of the year we will probably see five million unemployed."

Russia launched its economic reform plan at the start of 1992, freeing most state-controlled prices and promising to sell off state-owned companies. But even the most unproductive companies have been kept going through loans and subsidies and unemployment has risen more slowly than originally expected.

Shevardnadze wants counterweight to 'third force'

# Georgia, Ukraine to hold talks

GEORGIAN leader Eduard Shevardnadze arrived in Ukraine yesterday for talks aimed at forging a joint political front against Russia, Reuter reports from Kiev.

Mr Shevardnadze, who has accused Russia of aiding separatists in Georgia's Black Sea region of Abkhazia, headed straight for talks with Ukrainian President Leonid Kravchuk after flying in.

"This is the beginning of the construction of new relations between independent states," he told reporters. "There are of course high hopes."

The Georgian leader, a former Soviet foreign minister, set the tone for discussions in a weekend interview, saying Georgia and Ukraine had a joint interest in acting as a counterweight to an unnamed "third force".

"We were forced into this war. Separatism has taken root over several decades thanks to the special interests of a third force," he said in an interview with Georgian television. "I believe Ukraine understands full well this third force is interested in destabilising not only Georgia."

Georgia says the continued presence of Russian troops on its territory is hindering a settlement in Abkhazia, where hundreds have been killed in the past eight months.

Since the collapse of the Soviet Union, Ukraine has been locked in disputes with Russia on issues ranging from ownership of the Black Sea fleet to the future of Ukraine's share of the Soviet nuclear arsenal and repayment of Soviet debt.

Kiev, generally suspicious of its northern neighbour after three centuries of Moscow rule, has accused the Kremlin of high-handedness and intimidation in its dealings with Ukraine.

Mr Shevardnadze and Mr Kravchuk are due to sign about 20 documents, including a treaty on friendship and co-operation, which the Georgian leader said could extend to "mutual assistance".

"I think this is indisputably the correct approach. Our national interests, our strategic interests coincide fully. We can in real terms speak about friendship and mutual assistance," Mr Shevardnadze said.

A senior adviser to Mr Kravchuk also said the visit could help combat undue outside influence on both countries.

● Mr Kravchuk yesterday sacked the head of the Kiev city administration, who has often been compared to Russian President Boris Yeltsin for his rebellious, populist campaigns against authority.

Mr Kravchuk formally dismissed Mr Ivan Sally for his refusal to move the administration out of its imposing headquarters to make way for the Ukrainian Foreign Ministry. The two men had clashed repeatedly on how the city of 2.5m was run.

## Politicians and officials haggle over stimulus for economy

# Japan package takes shape

By Robert Thomson in Tokyo

JAPAN'S ruling Liberal Democratic party and Finance Ministry officials were last night haggling over the final figures for a stimulatory economic package due to be delivered today, which the LDP insists will total more than Y13,000bn (£69.7bn).

Negotiations have been complicated by recent political scandals which have sidelined Mr Shin Kanemaru and Mr Noboru Takeshita, the LDP powerbrokers who played influential roles in securing the ministry's approval for a Y10,700bn emergency package announced last August.

The contents of the fresh package were renegotiated in the light of a recent surge in Tokyo stock prices and after advice from the Economic Planning Agency that a heavy weighting towards infrastructure investment could lead to overheating in some sectors of the economy. But the need for a package was reaffirmed yesterday by the release of EPA data showing a 15.9 per cent fall year-on-year in private machinery orders during February, the 11th consecutive month of decline.

The figures reflect cuts in capital spending by most Japanese manufacturers.

Mr Hiroshi Mitsuzuka, head of the LDP panel preparing the new measures, promised yesterday that the total would exceed last year's package. However, Finance Ministry officials say privately that the economy appears to have bottomed out and may not need another large injection of public funds.

The ministry concedes the package will be closely watched in Washington. Mr Kiichi Miyazawa, prime minister, leaves for the US later this week and will want to bring evidence that the Japanese government is attempting to meet its optimistic forecast of 3.3 per cent growth for the current fiscal year.

Mr Miyazawa also plans to tell President Bill Clinton that the two countries should establish a new forum to replace the Structural Impediments Initiative, designed to reduce Japan's current account surplus. The US argues that the slowing of Japanese growth weakened demand for imports and encouraged exports, pushing the trade surplus to a record $107bn last year.

About Y1,000bn in special "infrastructure" spending in the package will be devoted to the purchase of computers by Japanese educational and medical institutions, and Mr Miyazawa is expected to suggest to Mr Clinton that US companies could win a large share of these contracts.

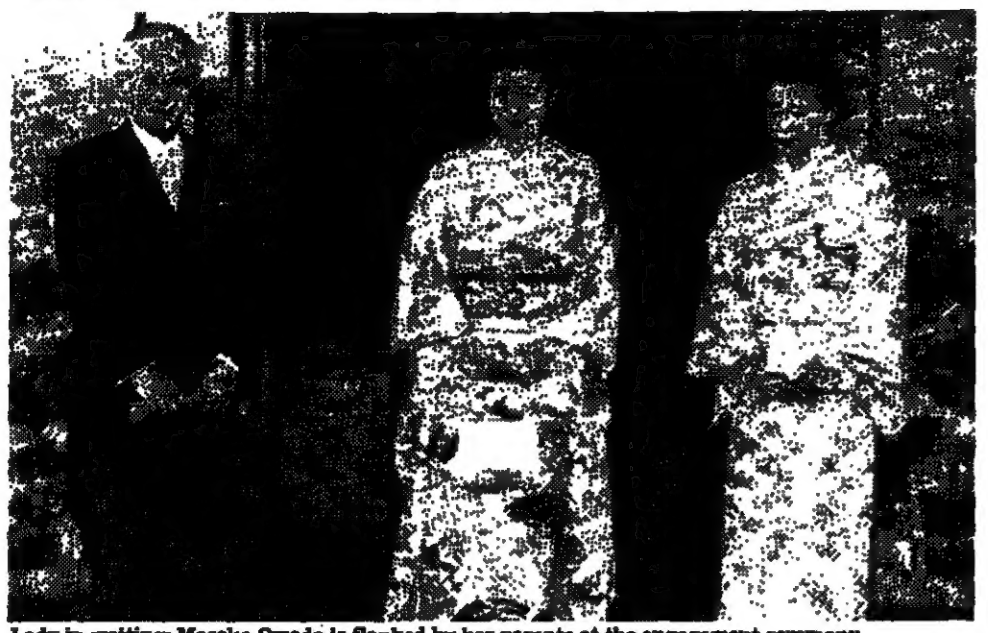
The LDP had debated the introduction of income tax cuts to stimulate consumer demand, particularly weak in recent months, but the Finance Ministry, concerned by declining corporate tax revenue, has argued against the cuts. Instead, special deductions are likely to be announced for education expenses and housing purchases.

It is expected that the limit for tax deductions on housing loans will be raised by 20 per cent, which is not enough to satisfy Mr Tetsuro Aki, president of Tokyu Real Estate, who said the housing industry wanted larger concessions to ensure the recovery of a still weak market.

The Finance Ministry's concerns about flagging tax income were reflected in its announcement yesterday that gold coins will be minted to commemorate the June wedding of Prince Naruhito, heir to the throne. Ministry officials say Y50bn-Y60bn raised through the issue will go towards paying for a small portion of today's package.

# World of ritual awaits princess

By Emiko Terazono in Tokyo



Lady in waiting: Masako Owada is flanked by her parents at the engagement ceremony

CLAD in a beautiful but constraining gold kimono, Ms Masako Owada yesterday hobbled in traditional shoes towards her future as a bride to Japanese Crown Prince Naruhito, heir to the Chrysanthemum throne.

Since her engagement became public in January, Ms Owada has been at the centre of a fierce debate over whether she is a symbol of a new era of openness for the imperial family or a career woman who has sacrificed herself to the home. Yesterday's engagement ceremony suggested the career diplomat's future would be ruled by ritual and formality.

The imperial household agency, famous for its tight control over royal affairs, also indicated it would stick to tradition by holding next week a ceremony to notify the Owadas of the June 9 wedding date – a fact most Japanese have known for months.

Meanwhile, Japanese executives are still waiting for the "Masako boom" to spur consumer demand and lead the economy out of its downturn.

When the engagement was announced, some analysts said a royal wedding could spur an extra Y3,300bn (£19bn) in retail spending. Their prediction was based on a rise in consumer confidence ahead of the wedding of Akihito, the current emperor, and empress Michiko in 1959, when consumers rushed to buy television sets to watch the wedding and triggered a "Michi boom" for electronics manufacturers.

Today, most Japanese households already own more than two television sets. But while Japanese corporations could be disappointed, many Japanese have been pleasantly surprised by the prince's recent comments vowing to "protect" Miss Owada. Empress Michiko, who was also a commoner, is known to have been tormented by the antagonism and pressures of the imperial palace.

# Pakistan urged to help find bombers

By Stefan Wagstyl in New Delhi

MR PV Narasimha Rao, the Indian prime minister, has demanded help from Mr Nawaz Sharif, prime minister of Pakistan, in finding the men held responsible for the terrorist blasts which last month rocked Bombay.

Mr Rao and Mr Sharif met at the weekend during a regional summit in Dhaka, Bangladesh. It was their first encounter since the destruction of the Ayodhya mosque in December set off a wave of Hindu-Moslem violence in India and damaged relations between India and Pakistan.

Bilateral ties were further strained by the Bombay blasts, which India believes were carried out with the support of groups in Pakistan.

Mr Rao asked Mr Sharif to co-operate in tracing members of a family involved in organised crime in Bombay, whom Indian investigators suspect of having planned the bombings. Indian officials believe the family fled from Bombay to Dubai and may have subsequently gone to Pakistan. Mr Sharif promised to help in the search.

Indian police probing the blasts, which left about 300 dead and around 1,000 injured, have arrested about 50 people. Many of them are suspected of having worked for the accused family.

Police said they had found a further 800kg of explosives, taking the total since the blasts to over 4,500kg, in addition to the estimated 300kg used in the blasts.

Meanwhile, the Dhaka summit agreed to establish a preferential trading zone of the six member countries of the South Asian Association for Regional Co-operation - Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka.

● Violence yesterday hit Srinagar and other towns in Kashmir for the fourth day in succession. About 100 people have been killed in fighting between Indian security forces and supporters of groups battling for independence or union with Pakistan.

# Border bustle conceals neighbourly suspicion

## Victor Mallet on tensions affecting Vietnam and China

NOTHING in the bustling commercial scene at the main border post between China and Vietnam contradicts the idea of a warm relationship suggested by the name Friendship Gate.

Under a drizzling sky, cheerful traders carry boxes of Chinese apples, sewing machines and rice bowls from Chinese to Vietnamese lorries parked back-to-back in a sea of mud. A raucous, red-faced Chinese woman smuggling playing cards into Vietnam supervises her workers as they pile empty lightbulb cartons into a truck to hide the real merchandise.

For the region's desperately poor inhabitants, the trade is a welcome spinoff of the 1991 "normalisation" of relations between Beijing and Hanoi – 12 years earlier the Chinese army invaded and laid waste this part of northern Vietnam to avenge the invasion of Cambodia and the overthrow of the Chinese-backed Khmer Rouge.

But the busy scenes at the border belie the reality of the Sino-Vietnamese relationship. In spite of frequent exchanges of high-level dignitaries and the signing of several bilateral agreements, the two countries continue to regard each other with suspicion and, sometimes, outright hostility.

Since last year China has not only dragged its feet in implementing trade agreements and attempted to extend its control across the frontier, but has made forays into the southern reaches of the South China Sea close to the Vietnamese coast. This has threatened development of Vietnam's vital oil industry and triggered alarm in other south-east Asian countries, such as Malaysia, about the future of the disputed Spratly islands.

Beijing granted last year an offshore oil exploration concession to Crestone, a US company, in an area Vietnam says is on its continental shelf. Vietnam says China has also seized more than 20 cargo vessels plying the route between Hong Kong and northern Vietnam. The ships have been released but the Chinese, accusing the Vietnamese shippers of smuggling goods to China, have confiscated some cargo without compensation.

"China sees this as a good opportunity to fill the power vacuum left by the reduction of US forces in the region and the strategic retreat from the region made by Russia," says Mr Nguyen Ngoc Dien of the Hanoi Foreign Ministry's Institute of International Relations. Vietnam treats Chinese denials with scepticism.

"In their declarations they are anti-hegemonist but in practice they are hegemonist in putting pressure on the smaller countries around them," says Maj-Gen Tran Cong Man, a government spokesman.

Even the booming border trade between the two countries is a source of friction. Vietnam says China is reluctant to promote official commerce – it has refused to re-open the railway near Friendship Gate – and is instead encouraging smuggling of Chinese consumer goods, a trade which undermines Vietnamese factories.

"With smuggling," says Mrs Pham Chi Lan, of the Vietnamese Chamber of Commerce and Industry, "we are spending a lot of hard currency needed for the import of capital goods on buying products that can be produced in Vietnam."

The Vietnamese, who have fought against Chinese domination for the last 2,000 years, are feeling particularly nervous about China's military and economic might at the moment. The peace agreement in neighbouring Cambodia appears to be falling apart, leaving the way clear for Khmer Rouge guerrillas, Beijing's former protégés, to kill Vietnamese settlers and cause trouble on the border.

The trouble for Hanoi is that there is not much it can do without provoking China or undermining its fragile economic recovery. Ethnic Chinese businessmen still dominate the Vietnamese economy, and a large share of foreign investment is of Chinese ethnic origin, coming from Taiwan, Hong Kong and Singapore.

Vietnam's army has been halved in size to some 600,000 men, and the navy is too small to protect Vietnamese interests in the South China Sea. The Soviet Union, Vietnam's longtime ally, has disintegrated.

Hence Vietnam's desperate attempts to make friends with the US – which maintains an economic and diplomatic embargo on Hanoi dating back to the Vietnam war – and to strengthen ties with the European Community.

As one diplomat in Hanoi put it: "Vietnam is in the unfortunate position of having lost one superpower and being unlikely to get an alliance with the one remaining."

# Seoul sides with China in N-crisis

SEOUL should co-operate more closely with Beijing instead of relying solely on the US in resolving the issue of North Korea's suspected nuclear weapon programme, South Korea's new ambassador to China said yesterday, writes John Burton in Seoul.

"We have seen issues too much through western eyes in the past," Mr Hwang Byung-tai, a former close aide to South Korean president Kim Young-sam, told a news conference.

His blunt remarks underscore a growing divergence of views between Seoul and Washington on the nuclear issue, matched by closer ties with China – after diplomatic links were established last August. "I believe it is time for us to take into account Chinese perspectives in dealing with South-North [Korean] issues," Mr Hwang said.

He added China was likely to play a pivotal role in solving the nuclear crisis as it was the principal supplier of food, oil and coke to North Korea.

## INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

**UNITED STATES**

| | Retail sales volume | Industrial production | Unemployment rate | Vacancy rate indicator | Composite leading indicator |
|---|---|---|---|---|---|
| 1985 | 100.0 | 100.0 | 7.1 | 100.0 | 103.0 |
| 1986 | 105.7 | 101.0 | 6.9 | 98.0 | 106.0 |
| 1987 | 108.3 | 105.9 | 6.1 | 105.5 | 109.8 |
| 1988 | 112.3 | 111.6 | 5.4 | 106.1 | 114.2 |
| 1989 | 115.1 | 114.5 | 5.2 | 99.3 | 112.9 |
| 1990 | 115.4 | 115.7 | 5.4 | 84.5 | 108.8 |
| 1991 | 113.4 | 113.5 | 6.7 | 62.0 | 114.4 |
| 1992 | 117.5 | 115.2 | 7.3 | 60.4 | 120.6 |
| 1st qtr.1992 | 3.3 | 1.3 | 7.1 | 59.1 | 116.4 |
| 2nd qtr.1992 | 1.8 | 2.0 | 7.4 | 60.5 | 116.0 |
| 3rd qtr.1992 | 3.2 | 0.9 | 7.5 | 60.1 | 116.7 |
| 4th qtr.1992 | 6.2 | 2.2 | 7.2 | 61.8 | 120.6 |
| March 1992 | 1.2 | 2.5 | 7.2 | 61.5 | 116.4 |
| April | 2.0 | 2.5 | 7.2 | 59.4 | 116.3 |
| May | 1.7 | 2.4 | 7.4 | 61.3 | 116.2 |
| June | 1.6 | 1.1 | 7.6 | 60.7 | 116.0 |
| July | 2.5 | 1.2 | 7.5 | 59.9 | 116.0 |
| August | 3.3 | 1.0 | 7.5 | 61.2 | 116.0 |
| September | 3.7 | 0.5 | 7.4 | 59.3 | 116.7 |
| October | 5.7 | 1.2 | 7.3 | 60.6 | 118.1 |
| November | 5.8 | 2.1 | 7.2 | 62.4 | 119.9 |
| December | 7.1 | 3.2 | 7.2 | 62.3 | 120.6 |
| January 1993 | | 4.4 | 7.0 | 60.4 | 121.1 |
| February | | 4.3 | | 64.1 | |

**JAPAN**

| | Retail sales volume | Industrial production | Unemployment rate | Vacancy rate indicator | Composite leading indicator |
|---|---|---|---|---|---|
| 1985 | 100.0 | 100.0 | 2.6 | 100.0 | 96.5 |
| 1986 | 108.5 | 99.7 | 2.8 | 94.3 | 105.4 |
| 1987 | 113.8 | 103.1 | 2.9 | 108.3 | 115.4 |
| 1988 | 122.8 | 112.9 | 2.5 | 135.9 | 122.7 |
| 1989 | 132.8 | 119.9 | 2.2 | 147.0 | 126.2 |
| 1990 | 142.0 | 125.3 | 2.1 | 149.7 | 124.2 |
| 1991 | 145.0 | 128.1 | 2.1 | 144.1 | 123.1 |
| 1992 | | 120.2 | 2.2 | 124.5 | 123.1 |
| 1st qtr.1992 | -0.8 | -4.8 | 2.0 | 132.9 | 123.0 |
| 2nd qtr.1992 | -3.5 | -6.2 | 2.1 | 128.8 | 122.5 |
| 3rd qtr.1992 | -3.8 | -6.1 | 2.2 | 122.1 | 123.1 |
| 4th qtr.1992 | | -7.7 | 2.3 | 116.0 | 123.1 |
| March 1992 | -4.5 | -5.6 | 2.0 | 130.2 | 123.0 |
| April | -2.8 | -6.0 | 2.0 | 130.6 | 122.9 |
| May | -1.0 | -8.9 | 2.1 | 122.0 | 122.7 |
| June | -6.6 | -3.8 | 2.1 | 127.7 | 122.5 |
| July | -1.0 | -6.1 | 2.2 | 122.4 | 122.3 |
| August | -4.8 | -8.1 | 2.2 | 116.0 | 122.4 |
| September | -5.4 | -4.1 | 2.2 | 126.0 | 123.1 |
| October | -1.8 | -6.4 | 2.3 | 115.1 | 123.3 |
| November | -5.7 | -8.3 | 2.3 | 111.1 | 123.1 |
| December | | -8.5 | 2.4 | 121.9 | 123.1 |
| January 1993 | | -7.6 | | | |
| February | | -5.4 | | | |

**GERMANY**

| | Retail sales volume | Industrial production | Unemployment rate | Vacancy rate indicator | Composite leading indicator |
|---|---|---|---|---|---|
| 1985 | 100.0 | 100.0 | 7.1 | 100.0 | 105.1 |
| 1986 | 103.4 | 102.2 | 6.4 | 136.4 | 105.0 |
| 1987 | 107.4 | 102.5 | 6.2 | 149.4 | 108.1 |
| 1988 | 110.5 | 106.2 | 6.2 | 164.7 | 112.2 |
| 1989 | 114.1 | 111.4 | 5.6 | 219.5 | 115.1 |
| 1990 | 123.5 | 117.2 | 4.9 | 261.0 | 115.8 |
| 1991 | 130.5 | 120.8 | 4.4 | 270.6 | 113.0 |
| 1992 | 127.8 | 118.9 | 4.8 | 260.3 | 106.9 |
| 1st qtr.1992 | -2.8 | 1.2 | 4.4 | 277.3 | 113.0 |
| 2nd qtr.1992 | -4.3 | -1.3 | 4.7 | 272.5 | 111.8 |
| 3rd qtr.1992 | -1.8 | -1.6 | 4.8 | 259.6 | 109.2 |
| 4th qtr.1992 | 0.8 | -4.7 | 5.1 | 230.6 | 106.9 |
| March 1992 | -4.9 | 0.2 | 4.5 | 278.9 | 113.0 |
| April | -2.6 | -0.2 | 4.6 | 276.5 | 112.6 |
| May | -4.1 | 0.3 | 4.7 | 271.7 | 112.2 |
| June | -6.1 | -3.8 | 4.7 | 268.4 | 111.8 |
| July | -4.1 | -2.5 | 4.8 | 264.7 | 111.2 |
| August | -1.5 | -0.8 | 4.8 | 261.5 | 110.6 |
| September | 0.3 | -1.4 | 4.9 | 252.5 | 109.2 |
| October | -1.8 | -3.5 | 5.0 | 241.2 | 108.1 |
| November | 0.8 | -5.8 | 5.1 | 229.8 | 107.0 |
| December | 3.4 | -4.6 | 5.2 | 220.9 | 106.9 |
| January 1993 | -6.4 | -9.1 | | 212.7 | 106.4 |
| February | | -11.2 | | 209.5 | |

**FRANCE**

| | Retail sales volume | Industrial production | Unemployment rate | Vacancy rate indicator | Composite leading indicator |
|---|---|---|---|---|---|
| 1985 | 100.0 | 100.0 | 10.2 | 100.0 | 102.1 |
| 1986 | 102.4 | 101.1 | 10.4 | 107.2 | 109.2 |
| 1987 | 104.5 | 103.1 | 10.5 | 117.7 | 108.5 |
| 1988 | 107.9 | 107.8 | 10.0 | 134.9 | 113.7 |
| 1989 | 109.5 | 111.3 | 9.4 | 161.1 | 113.4 |
| 1990 | 110.1 | 112.9 | 9.0 | 166.0 | 108.2 |
| 1991 | 109.7 | 113.2 | 9.6 | 129.6 | 109.2 |
| 1992 | 108.9 | 113.1 | 10.3 | 110.0 | 106.6 |
| 1st qtr.1992 | -1.1 | 1.4 | 10.1 | 120.3 | 110.1 |
| 2nd qtr.1992 | -0.2 | 0.7 | 10.3 | 108.1 | 109.3 |
| 3rd qtr.1992 | -0.4 | -0.2 | 10.3 | 109.8 | 108.1 |
| 4th qtr.1992 | -1.4 | -2.3 | 10.5 | 101.7 | 106.6 |
| March 1992 | -6.3 | 3.1 | 10.1 | 117.8 | 110.1 |
| April | 2.2 | 1.9 | 10.3 | 106.1 | 109.8 |
| May | -1.1 | 0.1 | 10.3 | 103.2 | 109.5 |
| June | -1.8 | 0.3 | 10.3 | 115.2 | 109.3 |
| July | -2.8 | -0.6 | 10.3 | 111.3 | 109.0 |
| August | -0.3 | -0.6 | 10.2 | 111.1 | 108.7 |
| September | 1.9 | 0.5 | 10.3 | 107.1 | 108.1 |
| October | 0.1 | 0.4 | 10.4 | 105.2 | 108.1 |
| November | -5.2 | -3.5 | 10.5 | 101.9 | 107.4 |
| December | 1.0 | -3.7 | 10.5 | 98.2 | 106.6 |
| January 1993 | 0.3 | -4.7 | 10.5 | 96.9 | 105.7 |
| February | | | | 98.5 | 106.6 |

**ITALY**

| | Retail sales volume | Industrial production | Unemployment rate | Composite leading indicator |
|---|---|---|---|---|
| 1985 | 100.0 | 100.0 | 9.6 | 104.0 |
| 1986 | 106.6 | 104.1 | 10.5 | 110.6 |
| 1987 | 112.1 | 106.8 | 10.9 | 113.0 |
| 1988 | 108.0 | 114.2 | 10.9 | 117.9 |
| 1989 | 116.9 | 118.7 | 10.9 | 116.1 |
| 1990 | 114.3 | 118.0 | 10.3 | 112.3 |
| 1991 | 110.8 | 115.4 | 9.8 | 115.1 |
| 1992 | | 114.1 | | 112.3 |
| 1st qtr.1992 | 5.1 | -0.3 | 9.9 | 114.7 |
| 2nd qtr.1992 | | -0.3 | 9.9 | 112.9 |
| 3rd qtr.1992 | | -1.1 | 9.9 | 111.9 |
| 4th qtr.1992 | | -2.8 | | 112.3 |
| March 1992 | -3.8 | 0.3 | n.a. | 114.7 |
| April | | 0.5 | n.a. | 114.4 |
| May | | 1.1 | n.a. | 113.9 |
| June | | -2.6 | n.a. | 112.9 |
| July | | 0.2 | n.a. | 112.5 |
| August | | -0.3 | n.a. | 112.2 |
| September | | -3.1 | n.a. | 111.9 |
| October | | -1.0 | n.a. | 111.9 |
| November | | -4.3 | n.a. | 112.3 |
| December | | -3.2 | n.a. | 112.3 |
| January 1993 | | | n.a. | |
| February | | | n.a. | |

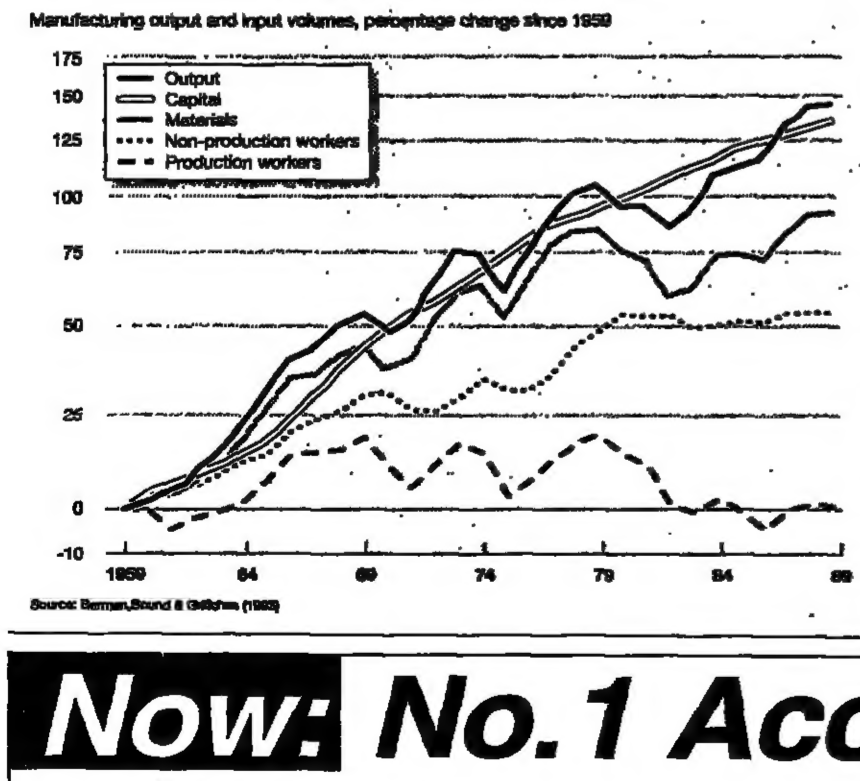
**UNITED KINGDOM**

| Retail sales volume | Industrial production | Unemployment rate | Vacancy rate indicator | Composite leading indicator | |
|---|---|---|---|---|---|
| 100.0 | 100.0 | 11.2 | 100.0 | 101.8 | 1985 |
| 106.2 | 102.4 | 11.2 | 116.1 | 105.1 | 1986 |
| 110.7 | 105.7 | 10.3 | 141.2 | 109.2 | 1987 |
| 117.7 | 109.5 | 8.6 | 144.3 | 107.3 | 1988 |
| 119.8 | 109.8 | 7.1 | 124.7 | 105.1 | 1989 |
| 120.4 | 109.3 | 6.8 | 98.1 | 102.9 | 1990 |
| 119.5 | 106.1 | 8.7 | 68.7 | 106.7 | 1991 |
| 120.3 | 105.8 | 10.0 | 66.7 | 111.7 | 1992 |
| -0.4 | -1.2 | 9.5 | 70.9 | 107.3 | 1st qtr.1992 |
| 1.1 | -0.2 | 9.7 | 68.7 | 110.0 | 2nd qtr.1992 |
| 0.8 | -0.3 | 10.2 | 64.9 | 109.6 | 3rd qtr.1992 |
| 1.2 | 0.6 | 10.5 | 62.3 | 111.7 | 4th qtr.1992 |
| -3.3 | -1.6 | 9.5 | 71.1 | 107.3 | 1992 March |
| 1.1 | 1.4 | 9.6 | 70.3 | 108.7 | April |
| 1.9 | 0.4 | 9.7 | 68.7 | 109.7 | May |
| 0.4 | -2.4 | 9.8 | 67.1 | 110.0 | June |
| -0.4 | -1.3 | 10.0 | 68.3 | 109.3 | July |
| 1.3 | 0.2 | 10.2 | 65.7 | 109.0 | August |
| 1.5 | 0.1 | 10.3 | 60.7 | 109.6 | September |
| 1.9 | 0.8 | 10.3 | 59.5 | 110.7 | October |
| 0.9 | 0.4 | 10.5 | 61.1 | 111.3 | November |
| 0.7 | 0.7 | 10.7 | 66.1 | 111.7 | December |
| 2.6 | 1.2 | 10.6 | 63.5 | 113.3 | 1993 January |
| 2.4 | | | 74.2 | | February |

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US – help-wanted advertising, Japan – new vacancies, Germany and France – all jobs vacant, Italy – no data available, UK – unfilled vacancies. Composite leading indicator: OECD data.

**US manufacturing sings the blue collar blues**

Manufacturing output and input volumes, percentage change since 1959




Source: Berman,Bound & Griliches (1993)

# Developed country victims of the technological age

STROKING British manufacturers, who are still sore after a decade of neglect, has become a cross-party activity in post-Thatcherite Britain. Neither main political party appears to have clear ideas about how government can revive Britain's dwindling industrial base. But both agree that manufacturing matters after all.

This rediscovery of the importance of manufacturing industry is probably long overdue. That Britain has a current account deficit of more than 2 per cent at the bottom of a long recession certainly suggests that its traded goods industries, predominantly manufacturing, have been allowed to shrink too far. The case for subsidising investment in equipment is strengthened by new evidence from the US of a powerful link between such investment and economic growth (*Post-communist dilemmas for would-be activists, FT March 22 1993*).

But a manufacturing revival, however desirable to close the trade deficit, would not solve the problem of high unemployment and falling relative wages among poorly educated workers that Britain shares with much of the rest of the developed world. It is tempting to see the decline in British manufacturing employment in the early 1980s as the cause of the growth of unskilled unemployment and wage inequality that followed. Tempting but misleading, for wage inequality in the US grew faster than in the UK in the 1980s even though US manufacturing performed relatively well compared both to British industry and the US economy as a whole.

The shift in demand for labour, and thus wage differentials, in favour of skilled and educated workers has also occurred *within* US manufacturing industry. Consistently, over the past 30 years, the growth of manufacturing output, capital and raw materials in US manufacturing has outstripped employment, according to recent research released by the US National Bureau of Economic Research. But, while the number of non-production workers has continued to grow, blue-collar employment has stagnated since the mid-1970s, as the chart shows. Between 1979 and 1989 the employment of US production workers fell by 2.2m to 12.3m, while non-production employment increased by 0.2m to 6.7m, raising the share of non-production employment from 23 per cent in 1973 to 29 per cent in 1989.

Labour-saving technological change, not just low-wage, labour-intensive competition from developing countries, is the primary reason for the decline in blue collar employment, according to the NBER research. The share of high technology capital in the total manufacturing capital stock rose from 1 to 7 per cent between 1973 and 1989. And, while the share of imports in total US manufacturing shipments also doubled over that period, less than a third of the increase in the share of non-production workers in total employment in the 1980s occurred because old, labour-intensive industries were replaced by new, high-tech industries. More than two thirds of the increase in non-production employment occurred within existing industries as they upgraded their technology and expanded the use of computers.

Not surprisingly, non-production workers – engaged in supervision, management and administration, technology and product development, sales and delivery – are more likely to have educational qualifications and are better paid than their blue collar counterparts. More than 90 per cent of non-production workers graduated from high school in 1987, compared with 70 per cent of production workers; only 17 per cent of blue collar workers attend further education, half the average for all manufacturing employees.

Manufacturing may matter; but only an increase in educational investment can solve the problem of unskilled unemployment and rising wage inequality.

**Edward Balls**

*Eli Berman, John Bound & Zvi Griliches, "Changes in the demand for skilled labour within US manufacturing industries," Working paper 4255, NBER, 1050 Mass. Ave, Cambridge, MA 02138, USA.*

## France moves to restore calm

FRANCE'S government was yesterday attempting to restore calm after riots in poor immigrant areas of Paris and the northern city of Tourcoing, triggered by three deaths in separate tragedies involving the police, William Dawkins writes from Paris.

Mr Charles Pasqua, interior minister, has apologised to the victims' families and pledged to be "merciless" towards policemen guilty of errors. The national police inspectorate has launched an inquiry and a meeting of local department police chiefs has been called. Police have drawn up complaints against 57 people involved in the riots, of which six faced charges yesterday.

## Steel output forecast cut

Meps (Europe), the Sheffield-based steel consultancy, is reducing its forecast for European crude steel production this year by 1.5m tonnes, to 129m tonnes, due to substantial weakening of demand in Germany, writes Andrew Baxter. The consultancy had originally forecast output this year of 130.5m tonnes, against 132m in 1992.

In its latest quarterly outlook, Meps forecasts that German crude output will fall from 39.7m tonnes in 1992 to 37m tonnes this year. However, steel demand in the UK is forecast to increase, with production rising from 16m tons last year to 16.7m.

On the export front, Meps notes that European output of semi-finished products, such as billets, for the US market have been increasing in the past few months.

## Argentina acts on investment

Argentina yesterday announced a joint government-industry Investment Foundation to boost foreign investment, John Barham writes from Buenos Aires.

Mr Carlos Sanchez, assistant economy minister, said the foundation would provide support and information to foreign companies interested in investing in Argentina, but would not offer any special incentives.

### IMF team to urge cut in petrol subsidies despite warnings of violence

# Sinister motives seen behind Nigeria's fuel price pledge

By Paul Adams in Lagos

AN International Monetary Fund team due to arrive in Lagos today will be urging Nigeria to cut subsidies which make its petrol the cheapest in the world, despite warnings that a rise in fuel prices could prompt violence.

Nigeria's civilian-led transitional council has pledged, in the face of widespread opposition, to reduce the subsidies on June 1, as part of a package designed to secure an agreement with the IMF. This would pave the way for rescheduling the country's $16bn (£10.5bn) debt to the Paris Club of official creditors, on which payment arrears exceed $3bn.

But cutting the subsidy, say some observers, could lead to violence and further delay the handover by soldiers who have been in power since December 31, 1983.

President Ibrahim Babangida, Nigeria's military ruler who last December appointed the council to run the government until the scheduled handover to civilian rule in August, last week took what appeared to be a precautionary measure: the issue of a military decree giving Nigeria's electoral commission power to postpone the presidential poll set for June 12 if serious unrest becomes likely.

"It is obvious that an increase in the fuel price will automatically cause a breach of the peace," the Lagos-based Committee for the Defence of Human Rights said. "Thus, the decree is not just a pre-emptive, panicky measure but part of the grand design for perpetual clinging on to power by the military," the CDHR statement said.

**'It is obvious that an increase will automatically cause a breach of peace'**

Raising the price of the world's cheapest fuel (3 cents a litre) to the level of import parity would put an estimated N41bn (£845m) in government coffers.

Much of the money would go on social services, say the council, but the public is sceptical. They fear the funds will be squandered like much of government revenue in the past. Fears have not been eased by the appointment of leading Nigerians to monitor the spending process.

Trade unionists have threatened strikes, and church leaders have warned of mass demonstrations. Neither Mr Bashir Tofa, the National Republican Council's (NRC) presidential candidate, or Mr Moshood Abiola, his counterpart from the Social Democratic party (SDP), are prepared to swim against the tide of popular opinion, leaving Mr Ernest Shonekan, chairman of the council, to shoulder full responsibility.

Mr Shonekan seems undeterred. With his tenure due to end in August, and with no need to seek a mandate from the electorate, he has pledged to take the hard decision which has been ducked by successive governments.

In the meantime, smuggling of fuel into neighbouring states has increased in anticipation of price rises. Out of the 300,000 barrels of oil a day allocated to domestic use (total daily production averages around 2m bpd), as much as a third is thought to disappear across the borders. A tanker of fuel worth N40,000 at the official price can fetch N1.2m in a neighbouring country.

Just what price will be set on June 1 is still unclear. The state-owned petroleum corporation is considering a two-price structure, charging about N5 a litre for a new premium grade fuel and N0.7 for a lesser grade, which will be phased out.

Some observers believe the impact of the increase will not be as bad as feared. For many motorists, they point out, the price of 3 cents a litre is notional: the combination of smuggling and breakdowns in refineries has meant that in much of the northern half of Nigeria they have to pay as much as N5 already.

Nor should the rise in bus and taxi fares elsewhere in Nigeria match the fuel increase, as the country's experience with airline fares demonstrated. Last month, when the government raised the price of aviation fuel by 400 per cent, domestic airlines immediately increased fares by 500 per cent, although fuel accounts for a comparatively small part of their running costs. But passenger refusal to pay the new rates forced the airlines to limit the increase to 75 per cent.

No doubt the IMF team will make these points themselves. But it will still require a steady nerve on Mr Shonekan's part to implement the most critical decision of his tenure.

President Ibrahim Babangida: has taken precautionary steps

### OECD Export Credit Rates

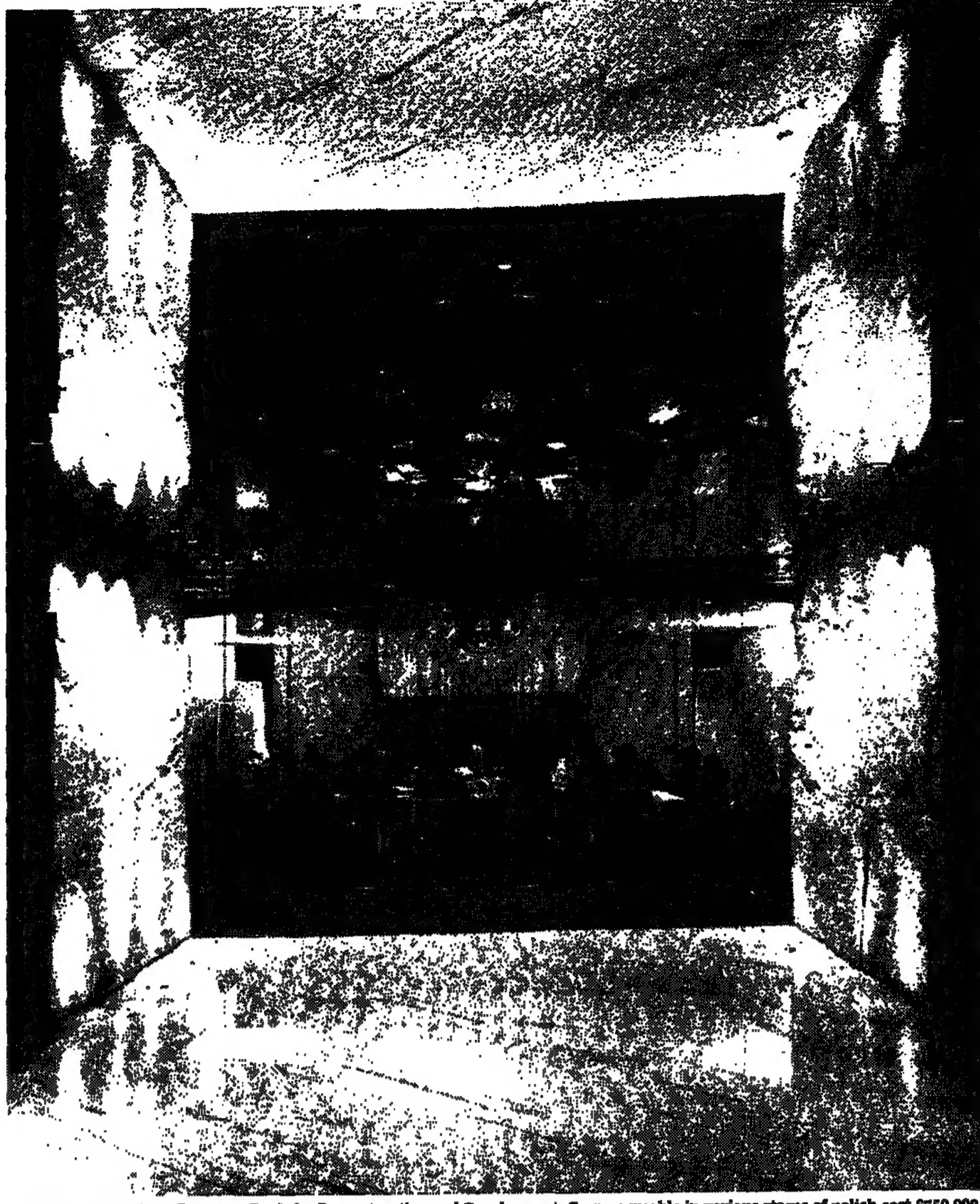
THE Organisation for Economic Co-operation and Development (OECD) announced new minimum interest rates (%) for officially-supported export credits for April 15-May 14 (Mar 15-April 14 in brackets):

| | | |
|---|---|---|
| D-Mark | 7.35 | (7.38) |
| Ecu | 8.18 | (8.55) |
| French franc | 8.58 | (8.99) |
| Guilder | | |
| –up to 5 years | 7.30 | (7.50) |
| –5-8.5 years | 7.55 | (same) |
| –more than 8.5 years | 8.00 | (7.85) |
| Italian lira | 12.17 | (12.22) |
| Yen | 4.70 | (same) |
| Peseta | 12.58 | (12.76) |
| Sterling | 7.70 | (same) |
| Swiss franc | 5.93 | (6.58) |
| US dollar for credits | | |
| –of up to 5 years | 5.40 | (5.58) |
| –5-8.5 years | 6.19 | (6.43) |
| –for credits of over 8.5 years | 6.66 | (6.87) |

*These rates are published monthly by the Financial Times, normally around the middle of each month. A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for longer than 120 days.*

*SDR-based rates of interest are the same for all currencies but must be used only for the OECD-defined poor countries. For the period from Jan 15 through July 14, the SDR-based rate will be 7.55 per cent. It replaces the previous rate of 8.10 per cent. The SDR-based rate will again be subject to change on July 15.*

The European Bank for Reconstruction and Development has been one of the most imaginative initiatives taken by western nations in response to the economic and political turmoil brought about by the collapse of Communism. But so far much of its money has been spent internally, reports **Robert Peston**



Opulent interior of the European Bank for Reconstruction and Development: Carrara marble in various stages of polish cost £750,000

# The bank that likes to say yes to itself

THE European Bank for Reconstruction and Development was set up in 1991 to help eastern Europe build on the ruins of Communism with private investment.

Two years later, as delegates attending next week's annual meeting in London will learn, the main beneficiaries of its largesse have been its staff, *consultants, building contractors* and aircraft leasing companies.

*It has provided considerably* less in loans and investments to the former Soviet Union and eastern Europe than it has consumed on fitting out its London offices, paying salaries and meeting other overheads.

Here are the facts:

● From April 15 1991 to the end of last year its total running costs, mainly salaries, *travel costs and general overheads*, have been £128m. Its budget for 1993, which is denominated in European Currency Units, is Ecu136m (£109m).

● It spent £18m of UK government funds on equipping its previous office, which it occupied for just under two years before moving to its new office *block at Number One* Exchange Square in the City last December. It is in the process of spending a further £55.5m on fitting out this building.

● By the end of last year it had disbursed only Ecu126m (£101m) in loans and investments to eastern Europe and the former Soviet Union. This *is just half what it allocated to* its buildings and its running costs in the same period.

Some disparity between the costs of running the bank and the initial provision of finance to the region was inevitable. Start-up costs for any new *institution are big and it was* explicitly modelled on the World Bank, whose running costs are substantial.

But the bank's intellectually dynamic founder and president Mr Jacques Attali, who for much of the 1980s was the *special adviser to the French President*, Mr Francois Mitterrand, admits that "disbursement [of loans and investments] is amazingly slow in terms of our [original] forecast".

He adds, however: "I would say it is a good thing, because it demonstrates that we are very cautious." He says he would be facing considerable *criticism from his shareholders* – the leading industrial countries together with those of the former Eastern bloc – if the bank were being reckless in its investment policy.

The bank also points out that it has stayed within its administrative and building budgets, which have all been approved by these shareholders, including *Mr* Norman Lamont, the chancellor of the exchequer, who is one of the bank's governors.

Mr Attali's talents for designing grand schemes for the regeneration of eastern Europe and the former Soviet Union are not in doubt. But he is not by nature a financial controller or a chief executive. Two *questions therefore suggest* themselves concerning the execution of the bank's mission:

● Should the investment policy of the bank be loosened to facilitate a more rapid disbursement of funds?

● Does the budget-making process put enough pressure on the bank to keep its expenditure in check?

Mr Attali appears to have

Jacques Attali: he appears to have inherited from Mr Francois Mitterand a passion for *monumental architecture*

inherited from Mr Mitterrand a passion for monumental architecture – the slabs of Carrara marble which frame the lifts in the lofty mirrored entrance may have been expensive, but the bank *says they have great* symbolic significance.

A different kind of marble, Travertine, was originally installed. According to Mr Pierre Pissaloux, a former high-flying French civil servant who is the bank's budget director, this marble was inappropriate. So it was replaced by Carrara statuary slabs in *various stages of polish*, at a cost of £750,000.

The point of the exercise, said Mr Pissaloux, was that the new marble represented what the EBRD was trying to do for people in Eastern Europe – "changing them from some*thing rough into something* polished".

Mr Attali said he was not embarrassed by the EBRD's opulent offices. He said he had a "duty to provide them [employees] with a very good environment", as compensation for the reduced pay they earn at the bank compared to what they could receive in the private sector.

He also set a condition that the building cost should be "below the average cost" of comparable projects in the City. Both arguments in favour of the building are questionable.

Some of Mr Attali's colleagues came from the private sector, but most say they were lured by the challenge and excitement of changing the face of eastern Europe.

They could probably earn more if they returned. However, the average EBRD salary – including secretaries and lower grade staff – is Ecu58,300, high compared with most public-sector organisation but not by World Bank stan*dards*.

EBRD employees do not pay UK taxes, thanks to the founding charter signed by the government. But the bank itself levies an "income tax" averaging about 10 per cent which it uses to help finance its operations. The average salary is equivalent therefore to a UK gross salary of more than £65,000.

Mr Attali is the highest paid employee, with a 1992 salary of £150,000 after deduction of the internal tax.

Were he to pay UK taxes, this would be the equivalent of a gross salary of more than *£240,000 – £75,000 more than* the governor of the Bank of England received last year, £163,000 more than the prime minister and £40,000 less than the basic salary of the chairman of National Westminster Bank.

*Mr Attali has said he wants* to waive the EBRD'S general pay rise of 5.5 per cent for the current year.

The question of whether the £55.5m fitting out cost is reasonable by City standards is more complicated. The UK government was desperate to attract the EBRD to London – it is the only major international institution of its kind in the British capital – and provided £40m towards the costs *of its offices. The bank spent* £18m of this on its offices in Leadenhall Street – which it occupied for 20 months – and the balance of £22m is being spent on the new headquarters. The bank received an additional £250,000 grant from the Corporation of London.

The building covers 403,000 square feet in total. The cost of *fitting out that space per* square foot is £138. Only 320,000 square feet of that space is usable, however, which pushes the cost up to £173 per square foot. Building consultants say that both figures are at the top end of normal fitting out costs.

Mr Pissaloux disputed that judgment. The EBRD, he pointed out, had special needs, such as translation facilities for its annual meeting and conferences. If these special factors were excluded, he said, the cost per square foot was £108. "That is at the lower end of City fit out costs," he said. "I *am at ease with that.*"

Gleeds, the quantity surveyors, said that fitting out costs for a large merchant bank's office would typically be about £70 per square foot for gross space in a shell and core building (a building containing neither furnishings or mechanical and electrical equipment).

Mr Pissaloux also said that part of the building's cost had been met from saving rent due on the Leadenhall offices and by striking an advantageous deal with the building developer, Rosehaugh Stanhope Developments.

By finishing work on its Exchange Square *building* ahead of schedule the EBRD was able to save six months rental payments for Leadenhall. That rent saving was worth £6m, Mr Pissaloux said. In addition Rosehaugh Stanhope Developments, *the building's* developer gave £9.5m towards the fitting out costs, plus a rent-free period of two years and five months, which is worth £38m.

Property agents said, however, that the deal with Rosehaugh was in line with market conditions at the time. "When the EBRD was looking, the market was dead," said a surveyor. "Property companies were falling over themselves to deal with it."

The EBRD is paying £39.5 *per square foot, which* is well below the peak rents paid for space in adjacent buildings in the late 1980s but well above today's prices for top quality City space, which range between £25 and £35. Mr Pissaloux insisted: *"We got the best* price at the time."

Mr Pissaloux also pointed out that there was a break in the lease after 15 years, allowing the bank either to move out or seek more attractive terms then.

*He was also proud of having* secured a warranty which meant that the landlord had to pay for any structural defects which might emerge in the building over the next 12 years – which agents say is unusual.

Staff moved to the new build*ing just before Christmas* and the move was celebrated with a party held at London's Grosvenor House Hotel. Mr Attali said the party's cost was "very low". In fact, it amounted to £52,000, £80 for each of the 650 *employees or consultants* who attended.

The EBRD also argued that Mr Attali's regular use of rented private airplanes was value for money. Mr Attali said he used private jets on two sorts of occasions only: when *he had to fit in large number of* meetings over a short period in many different countries (as happened quite frequently) or if his destination was not served by regular international flights (which was the case in many parts of the former *Soviet Union*).

He spent £600,000 last year on private jets. Mr Pissaloux said that he had earmarked between £350,000 and £400,000 in this year's budget for between 15 and 18 trips by private jet – this *comes to around* £22,000 per flight.

Mr Pissaloux stresses that all expenses were overseen by the EBRD's board of directors, who are government officials representing the 53 countries which are the bank's shareholders. *Even the building costs had* stayed within the special capital budget approved at the end of 1991.

The main responsibilities of these directors is to approve loans, investments and spending. A series of board commit*tees scrutinise salaries (the* remuneration committee), the annual budgets (the finance committee) and the annual accounts (the audit committee).

One director insisted that they were a tough independent *force, whose aim was to ensure* that the EBRD did not waste money. But, in the matter of their own remuneration, they were not independent from the EBRD. As Mr Attali said: "It's a very strange system – we pay for them but they are rep*resenting their governments.*"

The directors, who are typically secondees from the shareholders' civil services, receive EBRD salaries and EBRD tax breaks. "It's enormous pay compared to a normal civil servant," said Mr Atalli.

In 1992 the 23 directors, their 23 alternates and 23 secretaries, who occupy two floors of the EBRD's head office, were paid an average salary before the 10 per cent tax of Ecu87,000 each – equivalent to a UK gross salary of £100,000. It is arguable that if directors were paid directly by their governments they might exert tougher *financial disciplines* on the bank.

The experience of private-sector companies also suggests that any board as big as the EBRD's will rarely have the cohesion to put significant pressure on executives.

# Reconstructing and developing a new working environment

By Jimmy Burns

"WE KNEW we didn't like it. It didn't give us the right feeling. It was *too complicated.*" Pierre Pissaloux, EBRD's director in charge of planning and budget, is speaking of the marble which used to grace the bank's main lobby.

This was Travertine marble, similar to that installed in other neighbouring buildings in the Broadgate complex, but was removed and replaced *with some hewn slabs of very* high quality statuary marble specially imported from Forte di *Marmi. It cost* £750,000.

The new marble is set out in a sequence or gradation that would not look out of a place in a museum of Modern sculpture. The creamy white pieces, reflected by a mirrored ceiling, range from rough rock to polished marble.

The marble is only one of several distinctive features of a *building that was developed by* Mr Stuart Lipton, of Rosehaugh Stanhope, and fitted out by *Bovis* Construction according to a brief given by the bank's president to an Anglo-French design team. Other features include:

● An entrance hall designed less to keep out predators than to impress visitors. The internal security barrier looks like a prop from the film Star Wars. It is a horizontal wooden slab *with a mock marble painted* finish. Activated by remote control, it slides to one side before *slotting back* into place. Nearby video screens project the national flags of the EBRD's member countries

● The construction of a large auditorium on the first floor of the building to house 300 people. This will cost about £1m but has yet to be completed because of the complex engineering work involves the *removal of two* massive structural columns to make room for the seating.

● *The main staff dining room* (there are nine dining rooms) called the "Mozart". Apart from posters and paintings of the great composer it is fitted out with wall-to-wall multi-coloured carpets and sycamore-lined walls. Its laminated tables and linen-covered chairs were specially designed for the architects, the Anglo-French *group* Berthet, Pochy, Sidell & Gibson. Jean Louis Berthet, says: "Our brief was to make people *working* in the bank happy. We didn't want a cafeteria that was uncomfortable and noisy." Hence a very modern and chic restaurant designed for people either with many hours to spend in the bank or with time on their hands.

● Works of art in *the building* are, in the words of bank officials, aimed at reflecting Europe in its "full cultural and intellectual diversity". Some of the more prestigious items, *such as a set of Piranese* engravings, were donated by the Italian government. In addition, the bank has commissioned artists, mainly from eastern Europe, to display their works on site. The boldest example is a giant fresco by a *group of* French and Russian painters which depicts Europe's great thinkers beneath a giant globe. Mr Pissaloux says the bank has spent about £250,000 in purchasing works of art.

● Among items expected to come in the next few weeks is a large segment of the Berlin Wall donated by the German authorities. The plan, according to Mr Pissaloux, is to place the segment outside the bank's *headquarters facing* a large sculpture of a fat lady.

# No place for a party pooper

By Jimmy Burns

A SENIOR City banker *recently bemoaned the passing* of the tradition by which banks entertained their staff at Christmas. *Not* so the EBRD. Last Christmas it entertained more than 600 people to a party at London's prestigious Grosvenor House Hotel – *500 of these staff* and the rest members of the board and long-term consultants.

*The party took place in* the hotel's Great Room, the largest banqueting hall in London.

The most the hotel's marketing manager Ms Suzy Barry is prepared to say about what went on in a ballroom, with a capacity for up to 1,500 guests, is that the £80-a-head occasion included a three-course meal *which was "one of our cheaper* menus".

The event, described by Mr Jacques Attali, the bank's founder and president as "not incredibly lavish", cost £52,000.

Mr Pierre Pissaloux, director in charge of planning and budget, said: "We wanted to mark the move to the new offices with a party because the conditions for some people at the *old offices in Leadenhall Street* were terrible."

The event was booked and *organised by the assistant to* the president, Mr Francois Olive, who selected the menu: Japanese consommé, English roast beef and fruit salad.

The red and white wine was from Bulgaria. "French wine is more *expensive*, and anyway we thought it was better *to spend* more on trade with eastern Europe," Mr Olive said.

# President rejects criticism over slowness in committing funds

By Robert Peston and Anthony Robinson

*COMPLAINTS* about the EBRD's slowness in committing funds and its lengthy bureaucratic procedures are commonplace in east and central Europe.

But criticism is often tempered by appreciation of the way the tireless Mr Jacques Attali, the bank's founder and president, visits the far-flung outposts in his chartered jet, helping to remind the world of this vast area's growing problems.

Compared with the $7bn (£4.6bn) of equity investment poured into the Czech republic, Hungary and Poland by multinational companies and private investors in the past three *years, the disbursement of* Ecu126m (£101m)is minimal.

But Mr Attali is adamant that it is "wrong to measure the bank in terms of [loan and equity] disbursements . . . I don't see the slow disbursement as a problem in itself, because it's a demonstration of cautiousness. It's not a sign of failure".

For example, the bank has spent an estimated Ecu80m (£63m) on "technical co-operation programmes", which are typically studies of the appropriate methods for modernising infrastructure or of how to carry out privatisation programmes. He also says that even if the institution had not lent a penny since its launch, its existence would have been justified by the recent creation of the Nuclear Safety Fund which consists of money donated by *western governments* to make safe the nuclear power stations of the former eastern bloc.

The nub of the issue is why disbursement has been so low. The problem does not appear to be that the bank has been excessively slow in approving loans and investments.

The bank has built up a substantial "pipeline" of its own and joint projects in various stages of maturity. These often focus on much-needed projects unlikely to attract commercial attention – such as a small power plant in war-impoverished Armenia, or privatisation in St Petersburg.

By the end of last year the board had *approved projects* with an EBRD contribution of Ecu1.8bn, only slightly less than the bank had *forecast for the period. Potential* borrowers have not, however, met the conditions needed for them to draw on this finance.

There is an important intermediate stage in the status of an EBRD project between board approval and disbursement. That is the stage when all parties to the deal have signed the contract. Only 53 projects, involving bank finance of Ecu1bn, had been signed by the end of February – well below the forecast level.

Mr Attali says the main cause of the delays in signing off on the deals is impossible for the bank to control – it is the inexperience of eastern European countries in the *process of negotiating and concluding* such deals.

The bank does have control over *disbursing the funds* once the contract is signed. It will distribute the funds only when it is certain that the project is going ahead. The reason, says Mr Attali, is that he is particularly concerned about possible fraud. "I would prefer that we do not take risks and find our money has been transferred to a Swiss bank."

That precaution *seems sensible* in view of the widespread allegations of fraudulent behaviour in the *region*. But *up until now many of* the investments made by the bank's merchant-banking arm have involved *foreign investors – such as* Air France, Nestlé and BSN in the Czech republic or General Motors in *Poland*.

The slowness of disbursement may have been exacerbated by one of its fundamental investment tenets – that its equity injections should only be a small proportion of the amount that it lends.

According to Mr Attali an equity injection can be used for working capital or for investment, and disbursement *can rapidly follow* approval of the finance.

Loans are often made to finance *infrastructure projects*, however, such as improvements of roads or telecommunications, or oil and gas *production*. Bank funds are released only as physical progress is made with these projects.

Mr Pierre Pissaloux, director in charge of planning and budget, said equity was typically disbursed in *full two years* after approval. The rate of disbursal for an infrastructure loan was much slower, however, taking five to eight years.

Mr Pissaloux said the bank had set itself a target of disbursing between Ecu700m and Ecu820m this year. It also planned to approve more than 100 new projects, with a bank contribution of between Ecu2bn and Ecu2.6bn.

If the rate of disbursement fell below target its shareholders might encourage it to approve more equity injections. That would require the bank to take more risks, however, since equity investments are by definition more risky – and *anyway* potentially viable businesses are currently thin on the ground in eastern Europe *and the former* Soviet Union.

Mr Attali said: "I think there is a real choice *for the bank.* I need to have the clear view of shareholders."

# Treasury takes hard line over petroleum tax reforms

By Kenneth Gooding and David Owen

THE TREASURY was last night taking a hard line over its controversial Petroleum Revenue Tax reform proposals ahead of a series of meetings between ministers and oil industry leaders.

Although political pressure for a government climbdown were mounting, senior Treasury figures said the industry should not expect any changes to its proposals.

Its comments yesterday followed suggestions that the government might be prepared to go some way towards addressing the industry's concerns by fine-tuning the transition arrangements, particularly to meet some of the objections voiced about the retrospective nature of the changes.

The oil industry is finding it difficult to present a united front against the PRT changes because there are some companies that stand to gain substantially in terms of increased cash flow.

Nevertheless, the industry seems united over one issue – the retrospective nature of the tax changes. Companies say they applied to the Department of Trade and Industry for licences to explore in the North Sea on the understanding that the rules would not change. As part of the application process, they committed themselves to drill a certain number of wells and some suggest that, without tax relief, they could not fulfil these obligations.

Mr Norman Lamont, chancellor, has said that if companies had already entered into contracts for drilling wells, they could still apply for tax relief. But oil companies want that undertaking also to cover "firm commitments" they have made to drill wells. However, the Treasury yesterday dismissed these arguments and suggested there was no legal requirement for oil companies to stick to exploration targets agreed with the DTI.

The new PRT rules will lower the rate of tax paid on existing fields from 75 per cent to 50 per cent and abolish it altogether for new fields. They also remove tax relief on exploration and appraisal work in the North Sea, a change that will hit many of the small independent companies hard.

The industry suggests that the changes will quadruple the cost of exploring in the North Sea. Oil operators are warning that they will have to scale down exploration severely if the changes go ahead. A survey found that 85 per cent of oil companies expected job losses to result from the PRT changes and 40 per cent of respondents expected the losses to be much higher than the Treasury's estimate of 10,000.

The Treasury estimates that the rule changes will raise £700m over three years but this forecast has been challenged by Wood MacKenzie, the Edinburgh-based financial services group, which estimates the revenue increase will be only £115m.

# Industrial action pledge by prison officers

By Alan Pike, Social Affairs Correspondent

PRISON officers at Strangeways, Manchester, have agreed to curtail their freedom to take industrial action in an attempt to keep the management of the prison in the public sector.

Rival bids from both the public and private sectors to run the rebuilt Strangeways, severely damaged in riots three years ago, will be submitted to the Home Office today.

The public sector bid will contain a procedural agreement between the Prison Officers Association (POA) at Strangeways and the present prison management. It guarantees that if the bid succeeds, the standards set out in the management contract with the government would be maintained during industrial action.

Ministers have in the past characterised the POA as a militant trade union that has resisted change. By ruling out all-out strikes and other disruptive forms of industrial action, POA members at Manchester hope to prevent this reputation becoming a barrier to the public sector bid succeeding.

Wolds, Britain's first privately managed prison, opened on Humberside last year and the new Blakenhurst, in Hereford and Worcester, will open under private management soon. The contract to run Strangeways – part of the government's programme of market testing public services – is the first time the public and private sectors have bid against each other to manage a prison.

The deadline for Strangeways bids comes at an awkward moment for ministers as another element of their policy of opening up the criminal justice system to the private sector – private management of court escort services – is concerned.

Four prisoners escaped or were wrongly released during Group 4 Court Services' first few days of providing privately managed escort duties last week.

# 700 Names lead latest Lloyd's action

By Richard Lapper

WRITS will be issued today by more than 700 Lloyd's Names on Wellington syndicates 406 and 448, launching fresh legal action at the insurance market.

The Names, who include the Duchess of Argyll and the actress Ms Susan Hampshire, are among a group of more than 4,000 who face heavy losses, mainly from US asbestosis and pollution awards.

The development comes as prospects for an out-of-court settlement to legal actions at Lloyd's are receding. Names, whose assets support underwriting at the market, hope a settlement will form part of a business plan which the market's leaders expect to publish later this month.

The new case centres on reinsurance contracts bought by the Wellington syndicates in 1981 and 1982. These were designed to provide unlimited protection against US liability business underwritten in the 1960s and 1970s.

The Names allege however, that the contracts were not properly negotiated, allowing reinsurers to buy them back. Wellington Names were therefore unprotected against claims that have subsequently emerged.

The reinsurer of both contracts was Outhwaite syndicate 317, itself the target of successful legal action by another group of Names last year. Willis Faber, the syndicates' former managers, 46 members' agencies and Ernst & Whinney, the syndicates' auditors, are named in the writs.

# Tory Euro-sceptics 'hell-bent' on killing Maastricht treaty

By David Owen

TORY Euro-sceptics yesterday hit back at increasingly strong government criticism of their efforts to derail the Maastricht ratification process, insisting they were "hell-bent" on killing the treaty.

Conservative MP Mr Jim Cran said Tory rebels were "determined" to defeat the Maastricht bill and were "very hopeful" of succeeding. He predicted the issue would not go away even if the bill was passed: "We will still be in the Commons harrying anybody who pursues this course."

His remarks came as the Thatcherite Conservative Way Forward said the government's attempts to force ratification through without a referendum were having a "devastating" effect on Conservative party morale. In a strongly-worded editorial in its Forward periodical, the organisation said Maastricht was dividing the party and "draining it of its life blood. The more the treaty that John Major initialled is examined, the less it lives up to its hype." It was on the basis of a "cosy coalition" between the leaders of the three main parties and not any commitment by the British people that Maastricht was being "steamrollered" through the Commons.

The bill is due back on the floor of the Commons on Thursday just a day after MPs return to Westminster from the Easter recess. Proceedings are expected to open with a concerted attempt to persuade Mr Michael Morris, who chairs the sessions when the bill is discussed in detail, to reverse his decision not to allow a vote on a potentially crucial Labour amendment removing the protocol containing Britain's opt-out from Maastricht's social chapter.

The biggest wind farm outside the US – pictured above – has been completed at Llandinam, Powys, in mid-Wales. The 103 turbines will generate 31 megawatts, or enough power for 20,000 homes. It is estimated that about £25m has been spent in the 12 months since planning permission was granted. It was built jointly by Tomen, a Japanese trading house, EcoGen, a UK company formed in 1990 to bring together interests working on wind power and SeaWest, a US company which claims to be the world's largest independent wind farm developer. ScottishPower is also involved and Mitsubishi Heavy Industries of Japan supplied the turbines.

# Test boycotts may threaten school budgets hints Patten

By Ralph Atkins and Catherine Milton

MR JOHN Patten yesterday heightened confrontation with teaching unions hinting that a boycott of school tests this summer could weaken his hand with the Treasury in future education spending talks.

The education secretary's remarks underlined his determination to resist pressure from unions and some Conservative MPs for this summers' tests to be suspended pending a review.

A concerted boycott by more than 400,000 teachers of at least some tests, affecting up to 1.2m pupils in schools everywhere except Scotland, has moved closer as two of the three main teaching unions have announced they will ballot members over the tests for seven, 11 and 14-year-olds, while a third withdrew from testing last month.

Mr Patten's attempt to divide moderate teachers and more radical voices seemed dented by yesterday's refusal by the annual conference of the largest teaching union, the National Union of Teachers, to discuss an immediate strike over pay as part of a campaign with railworkers, firefighters and miners.

The conference will today consider whether to hold a second vote on boycotting appraisals of teachers' performance used to determine merit pay rises after it voted on Saturday to ballot members on boycotting national tests.

A summer of exam chaos in schools would undermine Mr Patten's political career – he has admitted that without tests he would be less able to withstand Treasury pressure on his department's budget.

Mr Patten did not say whether teachers' pay or school budgets could be directly affected, but said: "How on earth can I argue in the forthcoming public spending round over education expenditure without the hard information of improving standards that testing gives?" The confrontational strategy suggests he believes many teachers, under pressure from parents, will eventually accept that the tests, although flawed, should go ahead.

# MANAGEMENT: THE GROWING BUSINESS

## Closer UK/US links

The UK government has launched a programme to help medium-sized British companies establish alliances with similar US companies.

The three-year pilot programme is intended to help companies, which are already exporting to the US, establish closer links by means of joint product development, franchising, collaborative marketing and licensing agreements.

The Strategic Alliance Service forms part of a broader Department of Trade and Industry programme, called North America Now, which was launched last month. The service* will be managed by accountants Price Waterhouse.

The new initiative is aimed at companies with turnover of between £5m and £50m and employing between 50 and 500 people. Both independent companies and subsidiaries of larger groups are eligible.

The DTI estimates that up to 1,500 UK companies will meet its criteria, although it expects to sign up only 50 for the programme each year. Of these it expects between 10 and 15 will find partners. These targets are modest, the DTI acknowledges, but if successful the programme could be extended to other markets.

Partnerships represent a less risky way into the US market than acquisitions or setting up from scratch and tie up less capital. The economic climate and the dollar/sterling exchange rates are also favourable, the DTI says.

The DTI will spend £185,000 a year on the programme while the cost to companies which pass through all stages of the scheme and find a partner will be £14,000 plus travel and other expenses.

Profiles of UK companies which meet the programme's criteria and which can show they are committed to establishing US links will be matched with US counterparts through Price Waterhouse's network of US offices.

UK companies will be provided with a shortlist of possible US partners and meetings will be arranged. From then on it is up to the two companies to negotiate a deal, the DTI says.

**CB**

**Contact Price Waterhouse, Milton Gate, 1 Moor Lane, London EC2Y 9PB. Tel. 071 939 3000.*

Tony Cotton: 'We realise now we should have appointed a finance director two years ago. We couldn't see the wood for the trees'

## Calling in the experts

### How do you know when the time has come to hire a finance director? **Charles Batchelor reports**

It was Tony Cotton's bank manager who suggested the time had come for him to employ a full-time finance director. Cotton's business, Logistic Support Consultants, had grown so quickly that its £200,000 overdraft was starting to creak under the strain and the company was in need of an injection of outside equity.

LSC provides advice, training and software services to help companies minimise the running costs of plant, vehicle fleets and computers. Based in Tamworth, Staffordshire, it expects to double sales to £2m this year and increase staff numbers by half to 45.

Fearful that an advertisement would produce too many replies to be manageable, Cotton asked his company's accountant if he could recommend anyone. The result was that Alex Norton, finance director with an investment company until it was taken over, is due to join LSC as finance director designate in a week's time.

"We realise now we should have appointed a finance director two years ago," says Cotton. "We were considering bringing in an outside investor and our cashflow was under pressure. We were being bombarded with advice. The bank said one thing, our accountant said something else and our potential investors something else again. We couldn't see the wood for the trees."

LSC is not alone in this experience. It is common for companies, particularly those set up by entrepreneurs without financial expertise, to find their accounting systems under pressure as business expands. "Finance is a crucial function in today's climate," says John Woodcock, joint managing director of Robert Half, a financial recruitment agency. "A company must have its hands on the purse-strings."

In the early stages businesses often rely on their auditors to provide financial advice but they may not be available when they are needed and will not have the same commitment. It can also prove expensive to use an outside accountant for regular financial advice once the business starts to grow.

But this does not automatically mean that a small or medium-sized business requires someone with the title, salary and perks of a finance director. "We see people take on a finance director when what they really need is a financial controller," comments Chris Maidment, a partner at Coopers & Lybrand.

It may be tempting to have someone with an impressive set of initials after their name but too senior a figure may not be prepared to get down to the details required to manage the finances of a small business. "Someone who has been high up in a professional firm may not want to roll up his shirt-sleeves," says Maidment.

The precise title a company gives to its financial specialist will depend on the style of the business, says David Wise, a consultant who has been signed up by the Institute of Directors to run its first course for would-be finance directors. "It is not important if he is formally on the board as long as he is close to the managing director."

It often makes sense to employ a fully qualified accountant but on a part-time basis. Jo Frost has worked for a number of small businesses – typically with sales of £2m-£3m and a dozen employees – on a part-time basis and has just started working for a small marketing company one day a week.

Frost, who trained and worked for two of the big accountancy firms before going freelance, has the job of taking the company's raw management accounts and presenting them in a form suitable for the annual audit. "A qualified accountant can also help with tax questions and budgets," she says.

Some companies are tempted to use non-executive directors with a financial background to back up a weak executive finance director but this is not a good idea, suggests Bruce Rhodes, a director of Pro-Ned, which recruits non-executive directors for companies.

"This is not the role of a non-executive director," comments Rhodes. "He should be able to give general guidance on issues such as fund raising, corporate finance and treasury issues but he should not be used for operational activities."

The stage at which a company requires a full-time, professionally qualified finance director (there is no legal requirement for a finance director to have an accountancy qualification) depends on its size and on the complexity of its financial affairs. Some companies will require a finance director when turnover reaches £1m-£2m but others go to £7m-£8m before it becomes necessary, says Jeff Grant, joint managing director at Robert Half.

Jerry Brand, founder and managing director of Russell & Brand, a five-year-old contract catering company with sales of £15m, says he realised he needed good accounting controls from an early stage to handle the large amounts of cash coming in daily from his company's canteens and restaurants.

Brand took on a retired accountant for one day a week to manage his cash books. As the company and the job expanded, the accountant became full-time finance director but two years ago decided for himself that a younger man was needed. The accountant stayed on as company secretary but Brand advertised for a new finance director.

He chose Simon Newth from the more than 20 people who replied to the advertisement "because he was not just a figures man. He was interested in the business and in going out and seeing clients". Another well-qualified applicant had computer skills and Russell & Brand's financial systems did need upgrading at that time, but Brand opted for Newth's more commercial orientation.

Defining precisely what you want the finance director to do should be the first step. "If a small company has never had a finance director before it may well have a theoretical rather than a practical idea of what he should do," says Chris Maidment.

"The role of the finance director can vary," comments Jeff Grout. "Companies should think about what they are looking for. Do they need someone to handle relations with the bank, to improve costing procedure or to deal with the computer system? The management team must prepare a list of what they want and then set priorities."

While some managing directors, like Brand, welcome a finance director who becomes involved in broader business development issues, there is a danger that an enthusiastic finance director can become too involved.

"Finance directors who come straight from a professional accountancy firm often get too wrapped up in marketing or business development issues," says Chris Maidment. "They should be there to remind the managing director of the financial constraints."

The finance director is frequently the first senior appointment made by a growing business since many founders have technical and marketing skills.

Personal recommendation or experience of having worked with someone is a good starting point and companies often do recruit accountants who have worked for them as auditors or provided financial advice. Press advertisements can also be effective though sometimes produce large numbers of responses which need to be sifted.

Many appointments are handled through executive recruitment agencies, which advertise for and help select applicants, and executive search consultancies or headhunters which do not advertise but use personal contacts to find people. Recruitment agencies will typically charge 25 per cent of the salary involved while headhunters will charge 33 per cent.

With unemployment at very high levels in the accountancy sector, now is a good time to recruit a finance director. Salary rates have come down and a job which would have required a salary of £40,000-£45,000 plus car and benefits two years ago would now only rate £30,000-£35,000, calculates David Taylor, a freelance consultant who helps venture capitalists find finance directors for the companies they back.

"A lot of people are looking for jobs at the moment," says Maidment. "There is an oversupply of people at this level and a company can get a wealth of experience for a very competitive salary."

## —In a— Nutshell

### Keeping check on how things balance

Is your pricing policy right? Are you managing your time to best effect? Who are your customers? These and other questions are answered in Making the Most of Your Business, a guide for the established small business from National Westminster Bank.

The guide, intended for businesses between six and 24 months old, provides advice on financial controls, marketing and managing relationships as well as useful check sheets for preparing budgets, cashflow forecasts and analysing debtors.

*Available from NatWest branches to the bank's small business customers and any other interested businesses. Free.*

### A chance to insure against debt

Businesses frequently take out credit insurance to cover exports but rarely use it for their domestic sales, despite the growing risk of UK customers going bust or delaying payment.

Barclays Bank has launched a short-term credit insurance scheme called Barclays Sales Protection, intended to cover domestic sales but applicable also to exports, in the hope of increasing interest.

The new scheme is available to limited companies with annual sales of at least £250,000 and a good record of credit management. Premiums normally cost less than £1 for every £100 of cover. The scheme pays up to 90 per cent of outstanding debts six months after the invoice due date.

### IMD course on family business

The sterling cost of the three-and-a-half day course, Leading the Family Business, run by IMD in Lausanne, Switzerland is about £3,777, not £5,666 as stated on this page on 30 March.

# Landfill treatment in Wales

*NUTTALL has won the £8.3m* Penarth Haven landfill treatment and *phase one infrastructure* works contract for the Cardiff Bay *Development Corporation*. The site is located at Penarth Dock, South Glamorgan and represents the largest single contract awarded by the corporation to date.

The works comprise the containment and encapsulation of approximately 750,000 cu metres of domestic landfill within the old dock. The scheme includes the application of substantial landfill gas *abstraction and leachate collection* systems on the site, together with associated pipework.

Roadworks improvements and associated structures will include the construction of a new roundabout junction to replace an existing priority junction between Windsor Road and Penarth Dock Road, as well the provision of a new roundabout junction at Penarth *Dock* Road and some 250 metres of associated carriageways.

## Robertson busy

ROBERTSON CONSTRUCTION GROUP, a privately-owned company, has been awarded a total of £20m in contract gains in the first quarter.

The Elgin-based group's two contracting divisions have taken on a number of commercial development projects throughout the Grampian region. Aberdeen-based Doric Construction has already begun work on the £735,000 science block and classroom extension to the premises of the French School, Aberdeen. The two-storey building, which will accommodate up to 250 pupils is due for completion at the end of August.

Also in Aberdeen, a contract valued *at over £631,000 has* been awarded as the latest development *to take place at* Wellington Road Industrial Park.

These contracts are in addition *to the £13m contract* recently awarded to Robertson Contracting *for the construction* and redevelopment of Dr Gray's Hospital in Elgin.

# Oil storage tank for BP

A joint venture between COSTAIN BUILDING & CIVIL ENGINEERING and TAYLOR WOODROW CIVIL ENGINEERING has been awarded a £50m contract for the design, *construction and installation* of a gravity oil storage tank for *BP Exploration's Forth Field* development.

The 70,000 ton concrete tank will be built in a dry dock at Hunterston before being floated out and installed on the seabed in the North Sea, 220 miles north-east of Aberdeen.

The T-shaped tank for BP is designed to fulfil three functions. It will act as a storage tank for the Forth Field, capable of holding 500,000 barrels of crude oil, it will form the base for a *heavy-duty tripod* jack-up production platform and its topside *facilities, and it will* also serve as a drilling *template through which* 24 wells can be drilled from the platform into the oil reservoir.

Construction will start in the Autumn, with completion followed by tow-out and installation scheduled for June 1995.

The gravity base tank will measure 115 metres by 120 metres, comprising 80 roofed interconnecting slip-formed cells 19 metres in height.

The jack-up will be founded on three circular slip-formed towers, each 19 metres in diameter and 13 metres in height, *constructed on the cellular* base. Buoyancy tanks for the float-out from the dry dock will later be used as ballast boxes prior to installation, to ensure stability even under the worst North Sea storm conditions. The contract includes all mechanical and electrical work required for the ballasting and oil management systems within the gravity base tank.

# Managing highways for local authority

A multi-million pound contract has been signed by Berkshire County Council and engineering consultants BABTIE GROUP who took over the council's highways and planning services on April 1.

The four-year contract is worth more than £30m in fees and will see the consultants handling projects worth £140m over the same period.

The contract is believed to be the largest ever awarded by a local authority and makes Berkshire the first council to externalise its highways and planning services.

It has also resulted in a saving to the county council of £1.3m in 1993/94 and this figure is expected to increase in subsequent years.

Babtie will take 309 of the department's 383 permanent and temporary staff and about 20 will continue to be employed by the county council on the "clientside" to manage the contract.

Fourteen staff will be ending temporary contracts, while a further 26 are taking voluntary redundancy leaving the council with 14 compulsory redundancies.

# Building oncology clinic in the Urals

*CONDER PROJECTS*, the specialist design and build *operation of the Miller Group*, has just won the US$28m (£18.5m) contract to design, construct and equip a five-storey oncology clinic with 12 operating theatres in Yekaterinburg in the Urals.

Linked to an oncology hospital *currently under construction*, the building will also *include anaesthetic and recovery* rooms, a sterilisation plant, laboratories and teaching facilities.

This is part of a major social programme aimed at improving Russian healthcare standards, and it will become the centre for the treatment of cancer and related illnesses in the Sverdlovsk region. Work is expected to start on site in mid-1993.

This is the first project to be carried out as a result of Conder Projects' associate membership of the British Healthcare Consortium.

# Major social housing developments

Two social housing contracts with a combined value of £17m, to design and build a total of 364 homes and undertake a major hospital refurbishment programme, have been awarded to *LAING HOMES SPECIAL PROJECTS*.

The first contract awarded by the *London and Quadrant* Housing Association, is for a £7m scheme to design and build 118 homes for rent, and to refurbish hospital buildings at Chingford Hospital in the London Borough of Waltham Forest. Work is due to start in April with completion scheduled for 1995.

A second contract from the *London and Quadrant Housing* Association and Tower Housing Association, is for the design and build of 247 dwellings on the Buttsbury Estate in the London Borough of Redbridge.

The £10m development programme will see the medium rise, high density council homes replaced by a range of *two/three-storey* houses and flats.

# New superstore scheme in Cirencester

*BRITANNIA CONSTRUCTION*, part of Britannia Group, has *won £14m of new contracts*. The largest contract is a new *Tesco superstore* at Cirencester. The contract includes a 60,000 *sq ft store, a petrol filling station* and over 500 car parking spaces.

*Work has begun on site and* the project is expected to be *completed by early 1994*.

In Cheltenham, Britannia has been awarded the contract to fit out the new Tesco superstore which is entering the *final stage of construction*. It is expected that fitting out will be completed by October. Britannia was the contractor on the original shell project.

# SG Warburg's finance director off to Japan

*It is unusual for a London* merchant bank to post one of its *most senior men to Tokyo* at the relatively mature age of 55, and even more unusual when the person in question is the group's finance director.

However, SG Warburg stresses that Michael Gore's appointment as executive head of the Asia Pacific region reflects an upgrading of the importance of the area in the group's affairs, rather than a response to problems associated with *undisclosed losses in* Japan.

Warburg, *in common with* several foreign brokers and investment banks, has found it difficult to make money in Japanese equities, but says that its Tokyo business has been doing much better over *the past few months*. Close to a fifth of the group's 5,200 staff are located in the region.

Gore (right), who joined Warburg in 1964 and is one of the group's three vice-chairmen, has had board responsibility for the group's Asia Pacific strategy area for the past nine months. After the group's well publicised problems in Japan last year, it was reported that he intended to spend three *months a year in Tokyo*.

Warburg's decision to put Gore's Tokyo posting on a more permanent footing means that he has had to give up being group finance director – a job he has held since 1986.

The job will now be shared between *Simon Leathes*, 45, Warburg's chief financial officer, *and John* Trueman, 50, chairman of the group risk committee. They will both report to the chief executive.

Gore is not the only Tokyo-bound merchant banker, however. Lord Trenchard, 42 (far right), president of Kleinwort Benson International, who has been named as KB's senior representative in Japan, is more than a dozen years younger and is an old Japan hand. He was the firm's chief representative in Japan between 1980 and 1985. He replaces Gregory Shenkman, 42, who is being seconded to the *Department of* Trade and Industry to assist with export *promotion before* returning to KB in mid-1994.

## Non-executive directors

■ *Sir Ewen Fergusson, former* ambassador in Paris, and Robert Ayling (above right), md of British Airways, at SUN ALLIANCE and Sun Alliance and London Insurance.

■ Patrick Cooper (above left), former director at Goode Durrant, at PUBMASTER.

■ Christopher Reeves, vice-chairman of Merrill Lynch International, at CORNHILL INSURANCE.

■ James Fox at ANGLO & OVERSEAS TRUST.

■ Barry Marson, retired chairman of Oxford Instruments Group, at MTL INSTRUMENTS GROUP.

■ Barry Young has resigned from *NORTHAMBER*.

■ John Wynford Evans, executive *chairman of* SOUTH WALES ELECTRICITY, will *become non-executive* chairman in November 1994.

■ David O'Shaughnessy, recently retired from CarnaudMetalBox, at BRITTON GROUP.

■ Roger Young, chief executive of Scottish Hydro Electric, at IVORY AND SIME.

■ Dennis Murphy has resigned from MALAYA GROUP.

■ John Buxton, assistant director, mergers and acquisitions, at Sakura Bank, and Ray Giles, special consultant to Daiichi Pharmaceuticals, at *CONNECT PHARMA*.

■ *Martin Copp, a director of* CT Bowring Rose, at *ROADCHEF* HOLDINGS.

■ John Main, former executive *director*, at SOUTHEND PROPERTY HOLDINGS following his appointment as chairman and chief executive of Harmony Leisure.

■ John Bradfield, John Boodle and Alison Healey have retired from ANGLIAN WATER.

■ John Hodges and Ian Jackman at REDCASTLE.

■ Ian Percy, senior partner at GRANT THORNTON in Scotland, at SCOTTISH PROVIDENT.

Sir Derek Hornby, chairman of the British Overseas Trade Board and the former chairman of Rank Xerox, has taken over as chairman of Partnership Sourcing, the three-year-old joint venture between the *CBI and DTI which has just* received another two years of funding from the *DTI*. Sir Derek takes over from Lord *Joseph; the latter spawned the* idea as the result of a trip to Japan but stood down last summer because he now *spends more time in America*.

Kenneth Cherrett, director, *moves up to become director* general – the position Sir *Derek previously occupied*. Cherrett, 50, a secondee from *the TSB* where he had been director of corporate relations, has now taken early retirement from the bank. Neill Irwin, on secondment from ICL, becomes director.

The group *is shortly* expecting the results of its 1993 survey on partnership sourcing. Last year showed a heightened awareness *of this philosophy* of encouraging closer co-operation between *companies and* their suppliers in the name of *greater efficiency. Among* companies surveyed, 90 per *cent had heard of the concept*, compared with 70 per cent 12 *months before, though only* 48 per cent (up from 45 per cent) *of purchasers and 37 per cent* of suppliers (34 per cent) had adopted a scheme.

## Electronic switches

■ Richard Goldberg, who was until last July assistant general manager for software marketing at IBM, has been appointed president and chief executive officer of SYNON, where he will be responsible for worldwide operations including Europe, North America, and the Americas,' Asia Pacific regions.

■ Barrie Lawson, a former group director of GPT Telecoms Systems and for a brief period last year chief executive *designate* at Scholes Group, has been appointed md of DSC COMMUNICATIONS (Europe).

■ Bernard Hulme has been promoted to vice-president of field operations in Europe, the Middle East and Africa for SCO.

■ Subhash Shukla (below left), former *vice-president* marketing for Europe at AM *International*, has been appointed md designate at RICOH UK.

■ Greg Lock (below right), *previously director of products* and solutions for IBM United *Kingdom*, has been appointed ceo of IBM Information *Solutions Ltd*.

هكذا من الأصل



Architecture/**Colin Amery**

# Classical disappointment

It was that great English architect, Sir Edwin Lutyens, who wrote, "You cannot copy: you find if you do you are caught, a mess remains. It means hard labour, hard thinking, over every line in all three dimensions and in every joint; and no stone can be allowed to slide. You cannot play originality with the Orders. They have to be so well digested that there is nothing but essence left. When right they are curiously lovely – unalterable as plant forms . . . The perfection of the Order is far nearer nature than anything produced on impulse or accident-wise."

Lutyens was writing about his knowledge and love of the classical language. He understood it so well, and his own buildings demonstrate that his knowledge of classicism was so profound, that he could defy the rules with originality and wit.

A classical building is one whose decorative language is derived from the architectural vocabulary of the ancient world. The vocabulary is developed to embrace the five orders of columns and a series of standard ways of combining mouldings, door and window openings and pediments and porticoes. But a successful classical building is not simply a selection of these elements mixed up to any old recipe. Success in classical architecture depends upon an understanding of how to achieve a harmony of the different parts. Harmony is guaranteed by an understanding of proportion.

A lot of pretentious nonsense has been written about the nature of proportion. It is enough to say that its purpose is to create harmony throughout a structure. This is achieved either by a consistent use of one of the orders or by the application of a system of dimensions that regularly repeats basic ratios. The important thing to remember about proportion is that it depends upon a rigorous and thorough application of simple rules throughout a building. It is that logic that creates elegance. It is that discipline that creates architecture.

Almost opposite the London office of this newspaper, on the north bank of the Thames by Southwark Bridge, is a huge new office building that has serious pretensions to be regarded as a classical building. Vintners Place is the building's name and the architects are The Whinney Mackay-Lewis Partnership working for the developers Wates City of London Properties plc and Sumitomo Corporation in conjunction with the Vintners' Company. The site is a large one incorporating the *Vintners' Hall* and the listed facades of an Edwardian building.

It called for a grand gesture and the architect has certainly *made a bold* effort with a giant portico on the river front – an attempt to raise Vintners Place above the level of the grim and mediocre riverside buildings *that have been built since* the war. A stone- fronted building was clearly called for to be at home alongside the listed facades.

*As the Prince of Wales said* when he opened the building recently, "it is very difficult, I think, to find a way to combine elements of the classical approach to architecture with contemporary requirements for office space." While the prince went on to admire the architect's efforts, he was right to point out the difficulties any architect would face. The difficulty lies in using only elements. A classical building has to have a classical quality throughout. This new building is really only classical in part.

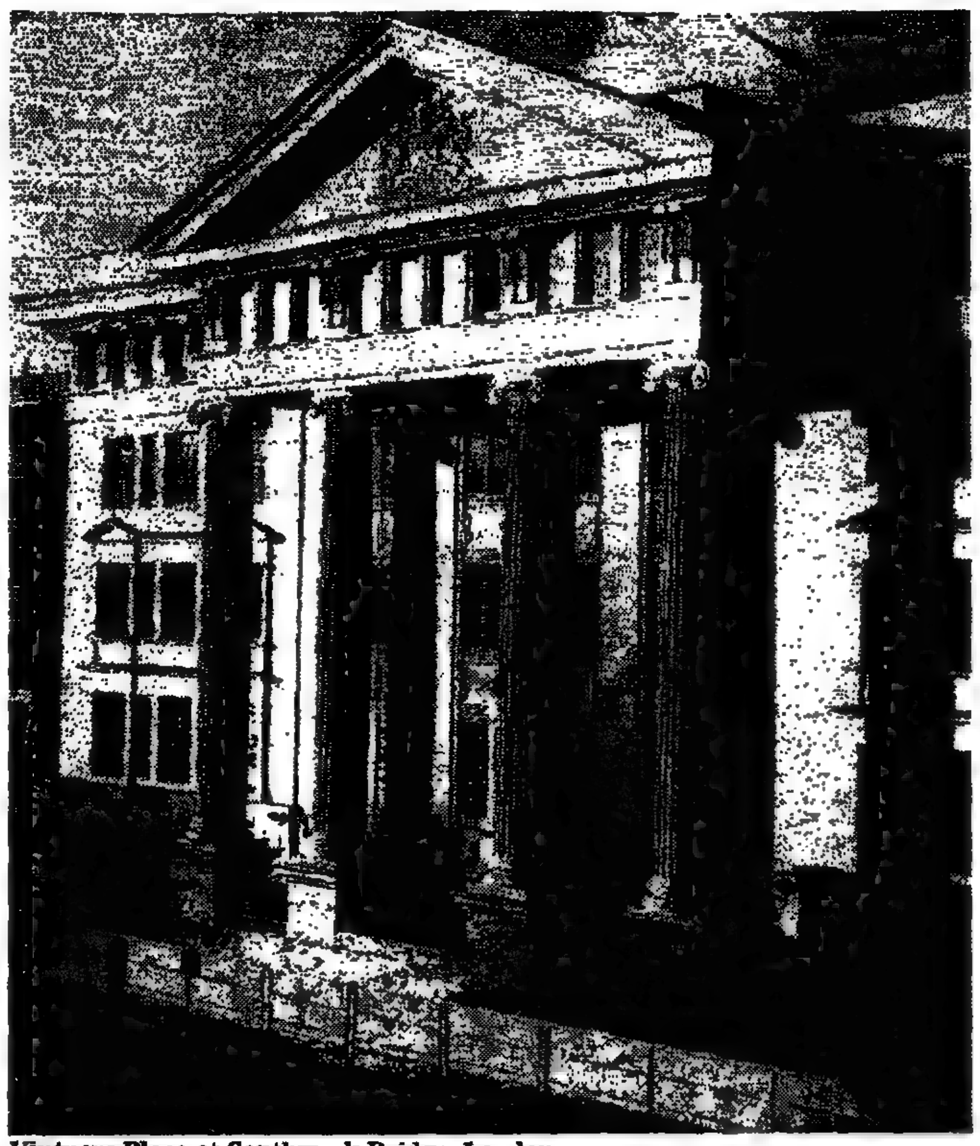
Some of the parts are very rich and colourful. Unfortunately the public won't very often see the marble halls and stairs and galleria that run from Upper Thames Street to the river – ingeniously dealing with the changes of level and making some grand spaces on the way.

The colourful marble floors (based upon the floor of Saint Peter's in Rome no less) are examples of excellent marble craftsmanship. I enjoyed too the invented column capital that uses the swan symbol of the Vintners. There is a rather untypical example of the mural painting of Ricardo Cinalli on the circular ceiling of the hallway telling the story of Leda and the swan. His work is usually much more muscular and sexier . . .

The architect has been brave in attempting a copy of the great Scala Regia in the Vatican (designed by Bernini) to take visitors gradually to his atrium. In the Vatican Bernini was dealing with light as well as the gradient – and he was reminding us, in the concentration of his columns, of the majesty of his exterior colonnade in Saint Peter's Square. Why was I moved to tears when I first climbed Bernini's stair and left untouched by this version? The answer is that Bernini understood weight and light and intercolumniation.

The Romans and all the great classical architects attached a great deal of importance to the spacing of columns. The width of the gaps between columns is measured by column diameters. This gives each different classical building a distinctive and particular tempo. The intercolumniation of the great big portico on the Thames front of this building does not have the right rhythm for its scale. Perhaps economy prevented the widening of the portico and the addition of more columns in scale and proportion to the whole building? It must, I assume, have been economy that prevented the regular addition of mouldings and frames to all the windows. And there is something odd about the windows because of the almost total absence of glazing bars.

I know that enormous effort goes into a building like this; there is no doubt that it is an ingenious and complex achievement. But if you build a classical building it has to obey the rules, and only intense knowledge of those rules allows you to try and fit the Vatican into a modern office block. I would have though that Venice rather than Rome should have been the source of this building on the river – or perhaps Vicenza, where the Palazzo Chiericati would have made a marvellous model. From the outside this building does enhance the river, but it is no masterpiece, and to any eye trained to look at classical buildings its comprehension of the integrity of the classical language is frankly disappointing.



*Vintners Place at Southwark Bridge, London*

Recital/**Andrew Clements**

# Ivan Moravec

With Krystian Zimerman's crystalline Debussy at the Barbican five days earlier still a sparkling memory, Ivan Moravec gave a reminder to his audience at the Wigmore Hall on Saturday of how an older generation of pianists used to construe that composer. Moravec divided his recital between Debussy and Chopin, and was only marginally more convincing in the latter; in two Ballades and the Barcarolle his secure technique and confidence at least gave the music a semblance of commitment.

Which is not to suggest that his view of Chopin was in itself interesting or contained interpretative points or insights to distinguish it from any other highly competent performance. There seemed something consistently complacent, almost school-masterly, about Moravec's playing, a take-it-or-leave-it disdain which suggested interpretations fixed in stone, proof against the circumstances of any particular occasion. Even the charges through the climactic sections of the A flat and G minor Ballades hardly generated any excitement; they were armour-clad assaults on the figuration that left all the dramatic tensions to take care of themselves.

There is no Debussy work that could thrive with such treatment. Within 20 bars the opening movement of *Children's Corner* had been fussed by unnecessary ritardandi applied, it appeared, by rote; "Jimbo's Lullaby" was never allowed to linger, while "Golliwog's Cakewalk" stayed tight-lipped to the end. Without a feeling for line and colour the *Suite Bergamasque* can be made very boring indeed, and *Pour le Piano* is turned into an unremitting exercise.

*In all three works* Moravec's dynamic range was confined between mezzo forte and fortissimo, and his tone colour kept to Steinway monochrome. If other interpreters have shown how Debussy's piano music needs to be carefully coloured and articulated to reveal its full glory, Moravec offered a salutary reminder of us how a broader brush can effortlessly sweep away all that subtlety and musical integrity.

Theatre

# One Step Beyond

THE POP group Madness (1977-85) spawned a clutch of unusual and very British dance songs. Now, in these retrospective times, the Theatre Royal Stratford East has produced a show ingeniously based on their songs. It is a comedy revue about homelessness, written by Alan Gilbey.

While the subject is strong and the performances gutsy, the plot is weak. It follows the fortunes of two homeless people: Squirrel, "the nuttiest boy in town" and Stoker, a post-gothic woman selling "The Big Issue" outside Camden Town Underground. They decide to house the homeless in the Ideal Home Exhibition, where they find a homeless wine salesman camping out at his Gewurztraminer stand, but the party ends when the police arrive. There is even a Strangeways rooftop retrospective.

The levity of the music balances the gravity of the message, not always clear, about the need for concerted collective action to help the homeless. Anyone who has worked in a shelter in the UK or US will know that the homeless do not arrive there by choice, and that they are different in degree rather than kind from those with homes and jobs. Gilbey's succeeds in giving each nameless face a personal story, making the matter personal.

Madness's songs, particularly the Grammy-winner "Our House", shape the action and provide a light, accessible medium for comments and statistics about community care and the young homeless "in a world that trips you up and blames you for failing."

However, the jokes have an edge. One beggar pleads, "I'm in community care, and you are that community"; another delivers a four-minute guide to sleeping rough, constantly interrupted by TV documentary teams; and there is a vicious fashion show, all sleeping-bags and cardboard, in the Ideal Home Exhibition.

Jeff Teare's direction keeps the action flowing through Jenny Tiramani's excellent Camden Tube and Ideal Home set, but the show still needs to be cut. The principals, Paul Kissaun as Squirrel and Sophie Lawrence as Stoker, give a fizzy, energetic performance; around them, Alan Cowan and Adam Price are particularly versatile in other parts.

**Andrew St George**

**Theatre Royal, Stratford East (081-534-0310) until May 8**

# L.O.V.E.

Fern Smith and Liam Steel in L.O.V.E.

Intensity is one of the great qualities the performing arts can demonstrate – but it is only great when allied with spontaneity. Think of bad silent-movie acting, where actors roll their eyes, clutch their hair, and pose furiously to make an "intense" – but contrived – effect. Well, it is easy for us to think complacently that such acting belongs in the past. Not so, however. Contrived intensity in modern theatre is alive and kicking, and whole styles have been based upon it.

*L.O.V.E.*, a 90-minute piece made by Nigel Charnock for Volcano Theatre Company, is a good (bad) example. The three actors are endlessly intense; and yes, among other things, they clutch their hair, chew the furniture and pose furiously. This is a vile style – but it passes as something new because the three performers also grope and French-kiss one another, stuff hands down each other's underwear, sit in the laps of certain audience members, and recite numerous Shakespeare sonnets. Oh yes, and several Shirley Bassey songs are played too.

Time and again, the three players urge themselves into various forms of hysterical behaviour. They hurl themselves at each other, throw each other about, drop each other; and this occurs in cyclical patterns that accelerate so as to suggest the crescendo of hysteria. The woman (Fern Smith) repeatedly lets her hair fall over her face, only to sweep it back. (Among the many current dance-theatre clichés used in *L.O.V.E.*, this must be the worst.) Frenetic sex scenes abound, though remarkably unappealing.

*L.O.V.E.* means to reflect the set-up that produced Shakespeare's sonnets. It has its own dark lady, one cuter and younger man, and another man more gaunt and sensitive. This, however, should not detain us. *L.O.V.E.* tells you no more about the erotic nexus within Shakespeare's sonnets that any intelligent adolescent could glean from them. The performers yell the words and ignore the scansion.

Nigel Charnock is well known as a performer with DV8 Physical Theatre, and *L.O.V.E.* exemplifies all the trashy excesses of DV8 style without any of DV8's occasional virtues (wit, craftsmanship, ambiguity). Every situation plunges rapidly off the deep end. Everybody squeezes each other's pecs, licks waists, feels groins, and there is kissing, jumping, catching and bashing galore. More than once, the woman kisses *and* beats her man. Alternate lines of "Shall I compare thee to a summer's day" are yelled by man and woman as they wrestle each other violently around the floor. Never mind emotion recollected in tranquillity – as far as *L.O.V.E.* is concerned, poetry is emotion simulated in hysteria.

***Alastair Macaulay***

**At the Riverside Studios, London W6, until April 17**

# The Return of the Prodigal

The best theatrical revival in London is not Oscar Wilde's *The Importance of Being Earnest*, admirable though it is; it is *The Return of the Prodigal* by St John Hankin at the Orange Tree in Richmond and comes from a slightly later date.

St John Emile Clavering Hankin, to give him his full name, was born in Southampton in 1869 to a family that was plainly not badly off. He was well educated: Malvern and Merton College, Oxford. As a journalist, he had a spell on the Indian Daily News, then wrote theatre criticism for The Times.

He committed suicide, much in the manner of Virginia Woolf, at the age of 39, possibly in the belief that his own plays were not adequately appreciated. In the meantime, he had completed seven of them, of which *The Return of the Prodigal* was the second.

It was first produced at the Royal Court, directed by Harley Granville Barker, in 1905. There was a revival with Sir John Gielgud in 1948, though not much is remembered of it. The new production at Richmond, directed by Peter Leslie Wild, should go a long way to making amends to a writer who has been unjustly neglected.

Like Granville Barker at his best, Hankin wrote adult plays for adult people. They are literate: they are articulate; there are no concessions to emming and erring, still less to effing.

At the end of the play, you have been through an intelligent discussion of the issues of the day, whether the role of women, the limits to charity, the rise of Germany and America or the nature of the Conservative Party. Unlike Shaw, Hankin did not invent characters merely to spout views: some of his characters, such as Amanda Royle's Violet in *The Return of the Prodigal*, have genuine feeling.

The influence of Oscar Wilde is there: how could it not be, the periods being so close? Hankin, however, is more interested in society as a whole than the narrow definition of the term.

Eustace, the key figure in *The Prodigal* and the part once played by Gielgud, is an amiable drop-out. He has been given £1,000 by his father to go to Australia, and lost it in a mixture of sheep-farming and gold-mining. (The same sort of people, he observes, make money in Australia as make money in England.)

Eustace returns like the prodigal in the biblical story, to be welcomed by his mother and sister if less so by his father, who is standing for parliament, and his brother who is helping to run the family mill.

In the end the father is persuaded to give him an allowance to live in London and stay out of the way, but there is no suggestion in Hankin's writing that Eustace is especially culpable – that's just the way he is, no good at making money yet lucky enough to have a rich family to fall back on, much in the way that a progressive society provides for the poor.

The word used for drop-out is loafer. "I disapprove of loafing on principle," says the father (Frank Moorey). "There's far too much of it in England today. That's where the Germans are ahead of us". You may have heard that sort of language before, in more recent times.

Yet where Hankin scores again is that he does not seem particularly to condemn the father either: he records life in a well-off family, where the women are better educated than the men but have less to do, and some of the problems are genuine dilemmas, especially in a society trying to be liberal.

Meanwhile, Hankin takes a wonderful satirical swipe at both the the local doctor and the local clergyman. There is much more besides.

Timothy Watson plays Eustace; the company as a whole is outstandingly good. This is a production that anyone who likes theatre must make an effort to see.

***Malcolm Rutherford***

**Orange Tree, Richmond until May 8. 081–940 3633**

*INTERNATIONAL*

# ARTS GUIDE

## ■ AMSTERDAM

**Muziektheater** Tonight: Graeme Jenkins conducts first night of Tim Albery's Bregenz Festival production of Catalani's La Wally, with Janet Cessna, Jerome Hines, Barry McCauley and Jean-Philippe Lafont (in repertory till May 4, next performances on Fri and next Mon). Tomorrow, Thurs: Stephen Petronio Company. Sat, Sun: Nederlands Dans Theater mixed bill, including new work by Hans van Manen (6255 455)

**Concertgebouw** Tonight: Robert Schumann Ensemble. Tomorrow and Fri: Moscow Quartet. Thurs: Christa Goetze song recital. Sat and Sun: Bernard Haitink conducts European Community Youth Orchestra in works by Poulenc and Mahler (6718 345)

## ■ ANTWERP

**MUSIC**

Bernard Haitink conducts European Community Youth Orchestra in Mahler's Ninth Symphony on Thurs at Elisabethzaal. Sat at deSingel: Wolf-Dieter Hauschild conducts German Youth Orchestra in works by Glandert, Brahms and Rakhmaninov. Sun at Generale Bank Meir: Luca Francesconi's arrangement of Monteverdi's Orfeo (234 1188). Thurs and Sun at De Vlaamse Opera: Silvio Varviso conducts Angela Brandt's production of Parsifal (233 6685)

**THEATRE**

Tomorrow, Thurs, Fri, Sat, Sun at Bourla: Image Aigue Lyon production of Eick, metaphorical and poetic tale inspired by Pieter Bruegel. Thurs, Fri, Sat at deSingel: Euripides' Medea, directed by Ursel Herrmann (234 1188)

## ■ BERLIN

**CONCERTS**

Daniel Barenboim is conductor and piano soloist with Berlin Philharmonic Orchestra in works by Mozart and Richard Strauss on Sat evening and Sun morning at Philharmonie (2548 8232). Jun Märkl conducts Berlin Staatskapelle in works by Scriabin and Cerchio on Fri and Sat at Staatsoper unter den Linden (200 4762). Hanns-Martin Schnedit conducts Berlin Radio Orchestra in works by Beethoven and Bruckner on Sat and Sun at Schauspielhaus, with piano soloist Elena Bashkirova (6384 3765)

**OPERA/DANCE**

This week's programme at Deutsche Oper includes a song recital by Edda Moser on Thurs, Madama Butterfly with Helen Field on Fri and a Christopher Bruce/Lindsay Kemp ballet evening on Sat. Denyce Graves and Neil Shicoff head the cast in Carmen on Sun (341 0249). Staatsoper unter den Linden has Bellini's Capuleti e Montecchi tomorrow with Lella Cuberli and Iris Vermillion, two new Béjart ballets on Thurs conducted by Barenboim and La traviata on Sun (200 4762)

## ■ BRUSSELS

Rudra Béjart Lausanne opens a two-week season on Thurs at Cirque Royal, comprising five new Béjart choreographies (219 6341)

## ■ GENEVA

**Grand Théâtre** Tonight, Thurs, Sat: David Porcelijn conducts Pierre Strosser's staging of a triple bill linking Schoenberg's Erwartung and Pierrot Lunaire with Berg's Der Wein (311 2311)

**Victoria Hall** Sun afternoon: Felicity Lott sings songs by Strauss and Duparc in a concert conducted by Armin Jordan (311 2511)

## ■ THE HAGUE

**Danstheater** Tomorrow: Nederlands Dans Theater mixed bill, including world premiere of new work by Hans van Manen. Fri and Sun: new choreographies by Martha Clarke and Christopher Bruce, plus works by Kylian and Jennifer Muller (360 4930)

**Dr Anton Philipszaal** Fri: Combattimento Consort plays works by Purcell, Biber, Vivaldi and others. Sat: Riccardo Chailly conducts Royal Concertgebouw Orchestra in Brahms and Verdi. Sun afternoon: Gilbert Varga conducts Radio Symphony Orchestra in Finzi's Cello Concerto (Marien van Staalen) and Stravinsky's Symphony in C (360 9810)

## ■ NEW YORK

● Tonight's performance at the Met is Die Zauberflöte, conducted by Donald Runnicles, repeated on Fri. Veronica Villaroel is Violetta in La traviata tomorrow and Sat. Sumi Jo and Alfredo Kraus star in Lucia di Lammermoor on Thurs (362 6000)

● George Perle's Adagio for Orchestra receives its world premiere tonight at Carnegie Hall in a concert by Baltimore Symphony Orchestra. David Zinman also conducts Mozart's Piano Concerto No 22 (Emanuel Ax) and Mahler's Fourth Symphony (247 7800)

● Augustin Dumay and Maria Joao Pires give a recital for violin and piano on Sun afternoon at Alice Tully Hall. André Previn conducts Orchestra of St Luke's on Sun evening at Avery Fisher Hall, in a programme including Mozart's Piano Concerto No 23 (Jean-Philippe Collard) and Prague Symphony (721 6500)

● Robert Desrosiers' new full-length dance work Black and White in Colour can be seen daily till Sun at Joyce Theater (242 0800). New York City Ballet opens its Spring season at State Theater on April 22 (870 5570)

## ■ VIENNA

**Staatsoper** Tomorrow: Horst Stein conducts Salome, with Marilyn Zschau and Leonie Rysanek. Thurs: Prokofiev's ballet Romeo and Juliet. Fri: Un ballo in maschera with Mara Zampieri, Leo Nucci and Peter Dvorsky. Sat: Andrea Chenier with Bruno Beccaria, Renato Bruson and Maria Guleghina. Sun: Aida with Maria Dragoni, Marjana Lipovsek and Lando Bartolini. Mon: Le nozze di Figaro with Lucio Gallo and Bryn Terfel (51444 2955)

**Musikverein** Tonight: Giuseppe Sinopoli conducts Dresden Staatskapelle in Mendelssohn's Italian Symphony and Strauss' Ein Heldenleben. Tomorrow: Thomas Moser song recital. Thurs: Andras Schiff plays Bach. Fri, Sat, Sun: Leopold Hager conducts Vienna Symphony Orchestra in Wagner and Schoenberg, with soprano Luana DeVol. Sat afternoon, Sun morning: Zubin Mehta conducts Vienna Philharmonic Orchestra in Messiaen and Bruckner. Next Mon and Tues: James de Priest conducts Tonkünstler Orchestra in Berg and Bruckner, with violinist Christian Altenburger (505 8190)

**Konzerthaus** Thurs: Hagen Quartet. Sat afternoon, Sun morning: Philippe Entremont is conductor and piano soloist in a Beethoven, Schubert and Mozart programme with Vienna Chamber Orchestra. Sun and Mon: Kirov Opera concert performances of Iolanta and Prince Igor (712 1211)

## ■ WASHINGTON

**MUSIC**

Gerhardt Zimmermann conducts National Symphony Orchestra in a Beethoven programme tonight, Thurs, Fri and next Tues at Kennedy Center, with piano soloist André Watts. Sat: Wynton Marsalis (202-467 4600). Fri at Lisner Auditorium: Paco Pena guitar recital (833 9800). Thurs, Fri, Sat, Sun at Joseph Meyerhoff Symphony Hall, Baltimore: Harry Belafonte. Next Mon: Wynton Marsalis (410-783 8000)

**THEATRE**

● Guys and Dolls: award-winning musical directed by Jerry Zaks. Opens tonight for six-week run (Kennedy Center Opera House 202-467 4600)

● A Chorus Line: Broadway's longest-running show, directed and choreographed by Baayork Lee, who originated the role of Connie. Till April 25 (National Theater (202-628 6161)

## ■ ZURICH

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Marlboro's falling sales say more about the market than the brand, argues **Guy de Jonquières**

# Cut-price cowboy

Since the late 1980s, brands have acquired cult status in western business, where faith in their supposedly guaranteed earning power has prompted many high-priced corporate takeovers. However, Philip Morris's recent decision to slash the price of Marlboro cigarettes in an effort to reverse their declining share of the US market suggests that faith needs to be re-examined.

Marlboro is one of the few genuinely global brands. Like Coca-Cola, McDonalds and Sony, it commands instantaneous recognition almost everywhere. In many poorer parts of the world, its American imagery also makes it a powerful aspirational symbol, promising status, stylishness and a better standard of living.

These are just the sorts of qualities which make strong brands desirable assets – their firm grip on consumer loyalty is supposed to enable them to ride above the competitive fray, piling up profits while lesser rivals scrabble in the dust. Only last year, a US business magazine pronounced Marlboro the world's most valuable brand worth by the magazine's calculation $31bn.

So what has gone wrong? Conventional wisdom holds that brands usually lose their effectiveness when starved of advertising and marketing support. But Philip Morris cannot be faulted on that score. It has regularly backed Marlboro with an annual marketing budget of more than $100m in the US alone – four times the spending by its closest rival.

How well that money has been spent is, of course, debatable. Some critics believe the Marlboro cowboy, the brand's long-established symbol, may be out of tune with the times. It is also true that regulatory controls on tobacco advertising in the US – and many other countries – have limited the range of persuasive techniques producers can legally deploy.

However, the most plausible explanation for Marlboro's falling sales lies not with the brand but with the product. Faced with a growing choice of cheaper alternatives, many US smokers seem to have concluded that Marlboro cigarettes do not offer anything special enough to justify a premium price. If so, that leaves Philip Morris with a problem – though far from a unique one.

Many products which once traded heavily on marketing imagery have recently encountered growing consumer resistance. Grocery manufacturers' brands face increasing pressure from supermarkets' cheaper own-label lines, while discount retailers flourish. German luxury cars have been successfully challenged by less expensive Japanese rivals. American Express business credit cards – synonymous with the executive expense account – have fallen on leaner times.

Recessionary belt-tightening is partly to blame. But it is not just that consumers are spending less; they have also become more discriminating about getting genuine value at all price levels. Customers have not deserted Mercedes-Benz for ordinary family saloons but for marques such as Toyota's

**Consumers have become more discriminating about getting genuine value**

Lexus, which are comparably engineered and equipped. Other charge cards now offer more cheaply services once unique to American Express. The profitability of leading British supermarkets owes much to their success in offering high quality own-label groceries which compete directly with the brand leaders.

Threatened brand leaders cannot regain supremacy simply by cutting prices or increasing advertising if the products and services they offer are no longer competitive. Consumers need to be convinced that, by paying more, they are getting something demonstrably different or better. In a few cases, such as scotch whisky, where heritage and provenance are important, this may be possible by emphasising exclusivity. But usually the answer must involve improving existing products and developing new ones.

Most well-known brands, for example, Coca Cola, grew originally out of product innovations. Long-lasting ones owe their longevity to their owners' continued resourcefulness and business skills. Superior processing technology and manufacturing know-how are important elements in the enduring success of Nescafé and Kellogg's breakfast cereals. The competitive strength of Benetton and Marks and Spencer depends heavily on their sophisticated arrangements with suppliers. Swatch has prospered by allying fashion flair with exceptionally rapid product development and highly efficient production.

A problem for branded cigarette manufacturers is that there is little they can usefully do to improve on or differentiate the basic product. RJR's disastrous project to develop a smoke-less cigarette a few years ago proves the point. Nor are scale economies in production or distribution of critical importance. If advertising imagery fails to keep consumers loyal, competition in the industry may increasingly be based on price.

The central lesson is that a brand's value is determined ultimately by the quality of the product or service to which it is attached and of the business producing it. A strong brand is not a guarantee of success. It is the reward earned – often over a long period – by a company adding value by consistently satisfying customers and staying ahead of the competition.

At a time when corporate performance in many industries depends increasingly on attributes such as reputation and service, there is a genuine need for more precise methods to measure the value of intangibles. But the issues have so far been as much obscured as clarified by the recent debate over the merits of putting brands on balance sheets.

Efforts to put a price on brands involve, at best, highly subjective judgments and amount, at worst, to a mechanistic checklist exercise. But however diligently carried out, they are necessarily coloured by past performance. They offer few verifiable insights into how and why that performance was achieved and, hence, whether it can be maintained. But in the real world, that is what really counts.

# Signs of resilience in a fragile society

## The measured reaction to the assassination of Chris Hani suggests South Africa is committed to negotiated reform, says **Patti Waldmeir**

From left, ANC leader Nelson Mandela, Chris Hani, and President F W De Klerk

The worst may be yet to come. Black South Africans may yet seek revenge for their assassinated hero, Mr Chris Hani, who now awaits a martyr's funeral. But by local standards of violence, the Easter weekend was a relatively quiet one in South Africa.

On Saturday, Mr Hani, head of the South African Communist party and guerrilla leader, fell to a white assassin's bullet. But black South Africans did not revolt. They fumed, and mourned, marched and threw stones, fired shots at passing motorists. In the worst incident, blacks incinerated three white men outside an illegal bar in a black township in the Cape.

But a few racial incidents do not necessarily suggest a race war is about to start. In a society renowned for its political intolerance and crime (some 18,000 people were killed last year, 13 per cent of them in political violence) the weekend death toll was unusually low.

Almost every political party condemned the assassination in the strongest possible terms. Even Mr Eugene Terre'blanche, leader of the white-supremacist Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement), the party to which the alleged murderer is rumoured to belong, condemned the killing as "atrocious".

Unanimity is rare in this fractured society, but the almost unanimous instinct of leaders from extreme left to hard right was to stress the need to talk, not fight. It was a striking affirmation of South Africa's commitment to negotiating peace and a new constitution.

Their restraint was already coming under increasing pressure last night, as the African National Congress announced mass protest action leading up to the largest political funeral ever held in South Africa, to mark the assassination of Mr Hani.

No man in South Africa was better loved by the poor, the young and the radical in black society (certainly the majority). That they have contained their rage and resentment thus far is a remarkable achievement, a hopeful sign that South Africa's tortured society is perhaps more resilient than it appears.

Race relations will inevitably suffer, as they have already done in recent months as white party-goers, schoolchildren and motorists have come under attack from the radical black Azanian People's Liberation Army and some disaffected members of the ANC.

But inter-racial relations in South Africa have defied the logic of apartheid for decades already: black and white relate more cordially in South Africa than in some American inner-cities.

The ANC yesterday condemned attacks on whites, pointing out to its supporters that if the hand that killed Mr Hani was white, the information that led to his arrest also came from a white witness.

"Thirty years ago, the possibility of race war was always in my mind," says veteran liberal politician Mr Zach de Beer. "It has steadily receded since. One passage of history after another makes me believe that South Africans don't think like that."

Some of them do, of course. Black callers to a weekend radio talk show demanded that "every red and every white corpuscle of Chris Hani's blood must be accounted for" – and avenged – while white callers complained at the media attention given to the Hani assassination.

Reversing the classic complaint made by blacks under apartheid, one white caller protested: "a white life is worth nothing, but if a black gets killed, it's treated like a big tragedy." That comment reflects one of the dangers of the current situation: for whites can use this new-found sense of oppression to justify their own liberation struggle.

Ironically, reaction would

**Even AWB leader Eugene Terre'blanche condemned the murder**

almost certainly have been worse if Mr Hani had been murdered by the ANC's black rivals, the mainly Zulu Inkatha Freedom party, rather than as he allegedly was, by a white immigrant from Poland with a virulent hatred of communism.

White extremists such as Mr Janusz Walus, who will today be charged with the Hani murder, pose far less threat to peace than the ongoing war between the ANC and Inkatha.

There is circumstantial evidence to suggest that Mr Walus was part of an organised extremist movement: the gun he allegedly used for the murder was stolen from Air Force headquarters in Pretoria in 1990 by white supremacist Piet "Skiet" (shoot) Rudolf, formerly a member of the AWB.

Crucially, the assassination did not bear obvious hallmarks of the "hit-squad" killings carried out in the past by the security services: Mr Walus allegedly killed Mr Hani in full view of an eye-witness, using a car easily traceable to him; he was apprehended moments after the attack, with the murder weapon still in his possession and gunpowder traces on his hand. South Africa's hit squads normally show more professionalism.

Still, even if a full police investigation shows that Mr Walus has no security force links, no one in the townships will believe it. So many black South Africans have been murdered by the police and military over long years of struggle that blacks acknowledge only one salient fact: that a white has killed the man who was probably South Africa's greatest liberation fighter, former head of the revered Umkhonto we Sizwe (Spear of the Nation), the ANC military wing, and the second most popular man in South Africa after Nelson Mandela (according to a recent opinion poll).

Mr Hani was a potential successor to Mr Mandela for the ANC leadership (though the more moderate Mr Cyril Ramaphosa, ANC secretary-general, would probably have defeated him). But among township youth, the unemployed and disaffected, Mr Hani's leadership was undisputed: no other ANC leader could so easily make compromise seem like triumph, could argue for peace as a form of struggle (as he so effectively did in the last weeks of his life), in short, could guarantee to deliver the radical youth behind a negotiated settlement.

That is what makes Mr Hani's death such a tragedy. For the ANC has made clear that, far from halting negotiations in protest, it will pursue constitutional talks with renewed vigour. Those talks have proceeded smoothly in recent months, with an outline deal already in place between the ANC and government to install a multi-racial power-sharing coalition. That deal, as well as the crucial issue of devolution of power to regional governments, must be agreed by the 20-odd other political organisations attending the multi-party constitutional forum.

Progress in the forum has largely been achieved by deferring contentious issues for future consideration, leading to unrealistic optimism about the pace of progress: ANC leaders are still promising that a multi-racial "transitional executive council" (the first phase of interim government) will be in place by June, but this looks an impossible goal.

The ANC will be pressing harder than ever for interim government now, arguing that joint control of the security forces is essential to control violence.

But even if that can be agreed, the large differences remaining between negotiators guarantee that talks will eventually hit a snag – and Chris Hani will no longer be there to ensure that such a breakdown does not lead to township revolt.

The next few days will sorely test the ability of other ANC leaders to step into that void and the will of the security forces to contain protest without brutality: in short, the capacity of South African society to withstand this blow with political maturity and calm. So far, so restrained.



# LETTERS TO THE EDITOR

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## Time for UK to stop jeering from sidelines

*From Mr Allan Saunderson.*

Sir, It was high time for David Marsh's thought-provoking piece, "Caught out by the turning tide" (April 8). But I'm not too convinced that German unification, though often cited as the culprit, is the fundamental problem. Sure, this has led to German interest rates, both short and long, remaining high at a time of cyclical downturn in output and demand – but only because of what the Bundesbank considers excessive fiscal expansionism by Bonn (justifiably when you consider current German inflation).

It need not have been so had Bonn evolved a more carefully thought-out policy toward unification. But this is like saying that the Germans, who panic when confronted by anything so organisationally imperfect as the former East Germany, should not be German.

The crisis in western Europe stems more from the simple fact that a cheap labour area has opened up to the east. This is akin to flying China over by helicopter and dumping it on top of the formerly frozen communist world the other side of the Berlin wall.

There are few west European industries that are so non-labour intensive that they can compete with the wage costs in east Europe. These are well below the equivalent of DM5 a month, compared to DM40 in west Germany, and around DM30 elsewhere in the EC, according to the IW Institute of Cologne. Perhaps it is time for west Europeans to realise how uncompetitive they have been. Perhaps it is time to wake up to the world's real challenges – environment, famine, Aids, underdevelopment – and begin to confront them in a more responsible manner.

One thing Britain has to realise in this whole equation is that it is no use getting out the paddles and rowing off toward the US. Britain may be separated by water from the Continent, but its industries face precisely the same challenges. It is high time, therefore, for the UK government to cease jeering from the sidelines and construct policies, not separate from, but in common with its European partners.

Allan Saunderson,
*editor,*
*The Old Continent*
*Frankfurter Allgemeine Zeitung*
*Information Services,*
*Frankfurt,*
*Germany*

## BR should use leasing finance to buy British

*From Mr Hugh Bayley MP.*

Sir, The chancellor's announcement in the Autumn Statement that £150m of leasing finance would be made available for British Rail to acquire new trains provided a lifeline to British railway rolling stock manufacturers whose order books have been hit by the uncertainty caused by railway privatisation.

Richard Tomkins reports ("InterCity bids for £150m to lease trains", March 30) that the British Rail Board is deciding whether to use the finance to lease suburban trains for London commuters or for InterCity 225 trains for services between London and Manchester. If the order is for commuter trains it would probably go to ABB Transportation – the only British company that has the ability to build modern aluminium-bodied carriages. If the money is used for InterCity trains the order will go to GEC Alsthom. It does not manufacture carriages in Britain and, with past orders, it has bought in body shells from abroad.

I believe the order should be for commuter trains. The Cannon Street train crash report said that the 30-year-old rolling stock used on the Cannon Street line should be replaced quickly for safety reasons. If, however, British Rail opts for the InterCity order it should encourage GEC to buy its body shells from ABB to ensure that the £150m is used, as intended, to keep British rolling-stock manufacturing in business. If this does not happen British train building will go the way of the British motorcycle industry and we will, in future, always have to buy trains from abroad, adding even more to our trade deficit.

Hugh Bayley,
*House of Commons,*
*London SW1A 0AA*

## Incredible

*From Mr Roger Melody.*

Sir, I am delighted senior staff in leading accountancy firms should be expressing disbelief at results of psychological tests because the results were "incredible" ("US female auditors more moral than men, says study", April 7).

I remember an occasion when, after taking such a test with one of those firms, I failed to make the short-list for a vacancy I had applied for – an outcome I found equally incredible.

Roger Melody,
*30 Highfield Road,*
*Purley, Surrey CR8 2JG*

## Credit should be given for Bolivia's economic performance

*From Mr Samuel Doria Medina.*

Sir, Your readers, and I think Bolivia, deserve better than Chris Philipsborn's article "Architect of austerity ahead in Bolivian poll" (March 9).

We are shortly to hold our four-yearly presidential and congressional elections and you may be right in suggesting that Gonzalo Sanchez de Lozada will be first past the post. He may, although I very much doubt it, become president for a four-year term in the run-off. But what he, much less you, can not claim is that he is responsible for the crackling economy which the incoming president will receive from the hands of the Jaime Paz Zamora government, of which I am the chief economic minister.

Over the past 12 months inflation in Bolivia has been cut to just 8 per cent (much better than in Chile or Mexico). That is two and a half times better than when Mr Sanchez de Lozada left office. Growth was 3.8 per cent in 1992 and we are heading for 5 per cent this year. The average annual growth during the Paz Zamora government has been 3.5 per cent, 10 times greater than the 0.35 per cent the previous government left us.

Investors are voting with their cheque-books. Today there are more than four times the volume of dollar bank deposits than there were when the last government left office. Foreign currency deposits in the commercial banks were close to zero and in any case less than $500m. Today they are close to $1.7bn.

This, and a lot more of the same, is not the result of Mr Sanchez de Lozada's policies. We all wish economic growth was merely a question of setting the right policy. But the reality is that the economic successes of the Jaime Paz Zamora government have been brought about by hard-headed cost-cutting and control on a daily, cash basis by a tough group of politicians and civil servants, many of whom have degrees from the same schools as the people who run Washington and London.

Your reporter talks of "botched" privatisations. What on earth can he be talking about? Leaving aside a score of companies that have been privatised, some with the help of accountants Price Waterhouse, we have just shut down entirely the massive Banco del Estado and virtually closed Comibol, the old state mining company, which under Mr Sanchez de Lozada started to be reorganised. Today, the number of employees is down to just 10 per cent of the original 25,000.

The real story in Bolivia, in my opinion, concerns a rising generation of young politicians, bankers and businessmen who are running Bolivia, according to the rules of a "parliamentary democracy", in the words of Professor Jeffrey Sachs of Harvard. This group, which includes President Jaime Paz Zamora as well as Mr Sanchez de Lozada, is unified only by its desire to establish a free market in Bolivia.

My party wants to take this further and search for ways to relate the market to social justice. We are concerned that growth and inflation figures do not reflect that two-thirds of our population is poorly educated, malnourished, and living close to the poverty line.

Samuel Doria Medina,
*minister of planning and co-ordination,*
*La Paz,*
*Bolivia*

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FINANCIAL TIMES

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Tuesday April 13 1993

# Hurry up, Mr Schlesinger

IN ITS interest rate decisions, the Bundesbank has chosen to imitate the tortoise rather than the hare. This looks increasingly unwise. Its job is to secure monetary stability in Germany. Sharp reductions in the interest rates it sets seem consistent with its objectives. They should not be further delayed.

THe Bundesbank is right to worry about current disputes over the foolish commitment to reach pay parity between eastern and western Germany in 1994. Pay trends in the east have national significance. The smaller the competitive pressures from eastern Germany, the more difficult it will be for the Bundesbank to achieve its target for inflation.

Furthermore, high pay and high unemployment in eastern Germany will ensure the prolongation of the current budgetary drain into the indefinite future. The all-German public sector borrowing requirement is running at about 6 per cent of total German gross domestic product. Given the recession and the number of elections next year, it is likely to be at that level, or higher, for many years.

These are good reasons for concern. But the Bundesbank is responsible neither for the terms of German monetary union, nor for subsequent fiscal policy. It is only responsible for ensuring that the mistakes of others are not validated by monetary policy.

That aim has now been achieved. The best single indicator of success is long term interest rates. At a little over 6¼ per cent, these are some two and a half percentage points below their levels at the beginning of 1991. They have been below current levels only for three brief periods in the last twenty-five years. Credibility has been regained.

The price has been high. It is true that the economy is coming off the top of an economic expansion lasting a decade, during which west German gross domestic product rose by 31 per cent. But GDP fell by 1.4 per cent between the first and last quarters of 1992. More dramatically, industrial output has fallen by 11 per cent from its peak in early 1992, to levels last seen in mid-1989.

Meanwhile, broad money supply (M3) has shrunk in early 1993. This does, indeed, follow gross overshooting of last year's targets, but that overshooting reflected exceptional factors, including foreign exchange intervention within the ERM. Furthermore, the rapid monetary growth of 1992 has as yet produced no subsequent boost to domestic demand and should probably be ignored.

## Inflation subdued

Inflation is more subdued than it looks. The annual rise in hourly wages has fallen from 7 per cent in 1991 to a little over 4 per cent. The Bundesbank remains concerned about consumer price inflation, whose latest annual rate is 4.3 per cent, more than twice its target. But this overshooting in substantial part reflects higher housing costs and higher administered prices, including increases in value added tax. Yet higher administered prices and indirect taxes are the inevitable consequence of efforts made to improve the public finances, for which the Bundesbank itself has called.

The Bundesbank should also recognise that its policies have brought disinflation to the entire ERM zone. But that effect also threatens its own domestic achievements. To the extent that high short term interest rates undermine currency stability, they weaken the credibility of ERM parities and force large-scale foreign exchange intervention, which then undermines domestic monetary control.

In all, a forward-looking central bank would now be cutting interest rates sharply. Nor would this be unprecedented in Germany. It is what the Bundesbank did between August 1982 and March 1983, when the discount rate was lowered from 7.5 to 4 per cent.

This time things have been very different. The discount rate has been lowered by a mere 1¼ percentage points since September 1992. The three month rate of interest is around 8 per cent, down only some 1¾ percentage points from its peak in the middle of last year. Not only are the reductions themselves small, but short rates remain well above long rates.

## Extreme caution

The Bundesbank's rationalisation for what seems to be extreme caution is fear of the effects of interest rate reductions on the exchange rate and long term interest rates. It also argues that short term interest rates are not particularly important for German economic activity. These arguments are far from persuasive.

The expectation in the markets is that short rates of interest will be below 6 per cent by the end of the year and lower still in 1994. Faster movement towards a recognised destination may not greatly weaken the D-Mark, which has already fallen against the Japanese yen and the US dollar since the autumn of last year. Furthermore, the German recession means that a depreciation of the D-Mark against the dollar, which would not be matched by one against most European currencies, is unlikely to be inflationary.

As for the feared effect on long term interest rates, the way to find out is by trial and error. Should long term interest rates soar – or the D-Mark plunge – short term rates can always be increased once more. But there are already strong forces working towards low long term interest rates. It is difficult to accept that the current yield curve is needed to achieve that result.

Finally, short term interest rates do matter to Germany. Some 80 per cent of credit to industry is indeed long term, but much of this is at variable rates of interest, themselves determined by short term rates of interest. Furthermore, the Bundesbank tends to forget that short term rates of interest matter even more to neighbouring countries. Yet if the Bundesbank brings contraction to France, it also reinforces the recession in Germany.

The Bundesbank should stop prevaricating. Short term rates should probably be at least 1¼ percentage points lower than now, a level which would still give Germany a flat yield curve. Its job is not to make political points. Now that credibility has been restored, it is time to adjust interest rates sharply. Further delay cannot be justified.

# Patten's task

ALL GOOD education reforms are initially opposed by one group of teachers or another. Few achieve the distinction of being condemned by the three largest teaching unions, headmasters, many parents, and a strong contingent of right-wing educational theorists. Yet just such an unlikely army has lined up against the national curriculum and its associated system of national tests. In consequence, the process started by the education reform act of 1988 is likely to be set back by a summer of disruption.

It is difficult to see what the secretary for education, Mr John Patten, can do next. He has not spent his first year in office well: he failed either to refine the tests and curriculum in time to head off the opposition or to persuade the educational community to work with the government. After 12 months of building a reputation for rigidity he finally agreed last week that there should be a thorough review, while appealing for this year's tests to go ahead. The response of the usually moderate Association of Teachers and Lecturers was to ballot its members on a boycott of testing. The National Union of Teachers followed suit on Saturday. A third union, the NAS/UWT had already voted for a ballot.

Two weeks ago Wandsworth council asked the High Court for an injunction against a proposed boycott by the NAS/UWT. This was refused. Wandsworth will appeal. Mr Patten will presumably wait for the outcome. If the courts declare boycotts of the tests illegal the government's hand will be strengthened, although perhaps not sufficiently to restore order in all classrooms. If not, the education secretary may be obliged to declare this year's tests "voluntary", which would mean that in many schools they would not take place at all. The government would no longer control the pace of its education reforms.

The damage would be limited if such a forced concession applied to the year 1993 alone. All political parties agree on the desirability of a national curriculum and testing, both of which are necessary if the quality of education in state schools is to be improved. There is almost universal agreement on the need to revise the complicated 10-level assessment scale, with its extensive examination of pupils at the ages of 7, 11, and 14.

Mr Patten must work to establish confidence in the new School Curriculum and Assessment Authority (SCAA), which already has a chairman, Sir Ron Dearing, who needs to demonstrate that his executive will be broadly based and willing to consult interested parties. The SCAA should also declare that its deliberations will not be conducted in secret; it should welcome public debate. Such a demonstration of the government's good intentions is necessary if Mr Patten is to start winning arguments and allies.

British business and unions are showing increasing willingness to forgo higher pay in order to retain their jobs, writes **David Goodhart**

# Sacrifice in the name of security

The 20,000 employees of Sheffield City Council and the 750 staff of John Brown Engineers and Constructors in Portsmouth are exceptional groups of workers: both have accepted pay cuts for all to prevent job losses for some.

British workers and employers, unlike their American or Japanese counterparts, have rarely been inclined to apply the trade-off between pay restraint and job security, either at national or plant level. But if the slight fall in February's unemployment, reported last month, proves an exception – as expected – interest in the link between jobs and pay is likely to increase.

Both business and union leaders are breaking with tradition and, tentatively, putting the idea of trading higher pay for job security on the agenda. The Trades Union Congress has said that there is "some scope" for the trade-off in the public sector.

More specifically, Mr Howard Davies, the innovative new head of the Confederation of British Industry, said recently that the pain of recession had been borne very unevenly, warning that social stability in Britain could be threatened if pay increases take priority over jobs when recovery gets under way.

At first sight it is curious that pay levels should be singled out for attention. Few people blame pay directly for the recession or believe it to be an obstacle to recovery. "Pay is now a second order problem," according to Dr Walter Eltis, economic adviser to Mr Michael Heseltine, trade and industry secretary.

The figures appear to support this view: the absolute levels of settlements and earnings increases are now at the lowest level for decades, pay freezes are once again on the increase, and in January manufacturing unit labour costs (pay per unit of output) fell by 2.2 per cent compared with January 1992.

But Mr Chris Trinder, of the Public Finance Foundation, an independent research body, says that such statistics disguise the anti-employment bias behind Britain's pay system, a bias which becomes especially marked in recession.

"To put it in a rather stylised way, there are companies where half the workers are losing their jobs and the other half are virtually doubling their pay. That is bad for employment and bad for the economy as a whole," says Mr Trinder.

The reality is not quite that bad, but it is true that real earnings growth for those in work has been greater in this recession than in the previous two, while the fall in employment has also been greater. Last year, average UK earnings grew at 6.1 per cent, almost double the inflation rate of 3.7 per cent. In 1981, in the middle of the last recession, average earnings of 12.9 per cent were only one percentage point above inflation of 11.9 per cent. Similarly, in the first two years of the current recession employment fell by more than 2m compared with 1.5m in the early 1980s.

The increased earnings in this recession have often been the result of efficiency deals which helped manufacturing productivity to rise by a healthy 6.4 per cent in the quarter to the end of January. But, economists say, that usually means producing the same amount with fewer workers rather than producing more with the same number.

The result is that unit labour costs are heading down but joblessness heading up. And while earnings for those in work rise, personal disposable income in the economy as a whole fell in the last quarter of 1992, thanks to the sharp fall in income experienced by the rising number of the unemployed.

This undermines expansion. But from the viewpoint of individual companies the high pay/low employment trade-off makes sense. Indeed, in big companies, the system encourages it: shareholders like to be told that the corporate "headcount" is falling and managers and unions have an interest in pleasing the workers who remain.

ICI, for example, this year began paying 14.5 per cent productivity-linked pay rises to most of its 20,000 hourly-paid workers. It has also announced that more than 10,000 jobs will be cut in the UK over the next year. Mr David Thomas, of the ICI planning department, says that 95 per cent of the job losses have nothing to do with the pay increase, but he does concede that lower pay rises might have allowed the company to recruit more new workers.

According to UBS, the stockbrokers, employment in the UK chemical industry between 1981 and 1992 fell by about 25 per cent, a much higher drop than in Germany, France, America and Japan, but wage costs rose by 160 per cent compared with about 60 per cent in the other countries.

In other sectors privatisation has recently been exacerbating this trend. This is the first post-privatisation recession and the combination of government sell-offs and the efficiency drive in the public services has undermined the stabilising effect on employment formerly played by the public sector. BT is a good example. The telecommunications company employed 238,000 people before privatisation in 1984; the figure is now 165,000 and by 1997 it could be down to 100,000.

Other privatised utilities have adopted similar policies, although none has gone as far as BT. British Gas employed 90,000 just before privatisation 1986 and is now down to about 79,000, while the electricity industry in England and Wales employed 131,398 before privatisation in 1990 and now employs about 115,000.

Those who remain in the privatised companies are generally reaping substantial rewards for improved productivity. At National Grid, for example, which runs the electricity network in England and Wales, employment has fallen from 6,500 to 5,500 over the past two years and most workers this year will receive a pay rise of between 5 per cent and 10 per cent.

A once-and-for-all shake-out of labour may be desireable, and unavoidable, in the privatised utilities, and few want to return to the inefficiency of the nationalised industries. But Mr Trinder argues that it is bad timing for the government to be seeking heavy job cuts in the public services when unemployment is rising. He argues that the cost in extra welfare benefits and the dent to consumer confidence outweigh the benefits of greater efficiency, which can still be achieved at a later date.

Costs, he adds, can be held down by extending the current public sector pay limit for another year. But, he believes, such a limit should be linked to a guarantee of job security, thus making it more palatable and preserving hundreds of thousands of jobs. Increased staff productivity should still be encouraged but would be expressed in better services rather than fewer employees.

Many commentators remain sceptical about establishing a new trade-off between pay and jobs, especially in the private sector. Mr Esmond Lindop, of pay analysts Incomes Data Services, says that the trade-off only works over short periods to cover emergencies. He also points out that short-time working, where companies cut the working week and pay-packets but keep the workforce together, has never been very popular even in tough times.

Some economists such as Mr Kevin Gardiner, at S G Warburg, believe, more fundamentally, that employment is much less responsive to changes in wage levels than to consumer demand for particular products.

Even some supporters of a more employment-friendly trade-off are pessimistic about how it can be made to work, especially in an upturn, without national level deals between unions and employers, something increasingly rare in British industrial relations.

But there is no logical reason why the trade-off cannot be made at the level of the individual factory or office. Indeed some economists stress that the trade-off is easier to apply at that level, rather than sector or company-wide, because it is more tangible for the people involved and runs with the recent trend of decentralised pay bargaining.

There is evidence that managers at local level are finally heeding the advice of Mr Davies of the CBI to push down harder on pay to preserve employment. Few of the current pay freezes are explicitly linked to job security, like that at Rolls Royce Aerospace last year. But Mr Tony de Launay, of the Engineering Employers Federation, reports that such freezes in the engineering sector often involve an informal trade-off with job security. Whether such deals will prosper in more buoyant times is more doubtful.

# Seeds of crisis in a flawed farm deal

PERSONAL VIEW

France's negotiating partners in the General Agreement on Tariffs and Trade talks ought to prepare themselves for a French veto to the US-European Commission deal on agriculture. For there is bound to be a veto. The case in favour of such a step rests on strong arguments, which go way beyond agriculture and will consequently be given due regard by the newly elected French government.

Of course, my union fights first and foremost on behalf of its farmers. We will press for a rejection by the European Community of the deal on farm policies, which we consider to be lopsided and flawed. The deal would make European farmers lose large market shares, both domestic and foreign. Prices and incomes would fall substantially and in the end Europe's current Common Agricultural Policy would be torn to pieces.

The caps on so-called "subsidised" exports would be especially damaging, particularly for France and Britain, which export respectively 60 and 30 per cent of their total grain output. But all member-states ought to concern themselves with those export caps, which will inevitably put a strong downward pressure on domestic prices as output surpluses are rechannelled towards EC markets.

But there is far more than this to the dispute. At stake, in my view, is Europe's emancipation and its capacity to project itself as a world power in the international arena.

What I have tried to do as president of the French farmers' union is systematically to point to the failings and the shortcomings of the EC institutions. Second, I have made the case that the EC will need agriculture and food exports in the decades ahead if it is to yield influence as a world power.

Look at the demographic trends. The world population is expected to double within 53 years and the boom will be greater still at the periphery of Europe, where food is especially scarce. In just 40 years the population of Africa will grow threefold.

The United Nations Food and Agriculture Organisation has called on all countries to increase their output to meet the forecast surge in food demand. Now, the GATT draft agreement on agriculture requires that the EC cut its subsidised exports – making it impossible for the EC to meet the demand. What is more, practically speaking, the US is exempt from this limitation only

**At stake is the capacity of Europe to project itself as a power in the international arena**

because its export subsidies are based on a budgetary mechanism different from that of the EC.

In the end, only the US would be allowed to carry on exporting – thereby enabling it to retain the possibility of using food as a foreign policy weapon. A Gatt agreement on agriculture is needed, but first I would insist that Europe has enough foresight to give itself the means to break such a monopoly.

In the current negotiations, the European Commission has taken a short-sighted approach and sought to secure a deal at any cost in the hope that it would give the world economy a shot in the arm.

In addition, the Commission has not had the slightest regard for the views of ministers of the member states. We must make sure democracy is respected to the full. The mandate handed by the ministers on November 20 1990 was by-passed by Brussels, which is now using the deal it has struck with the US to force on EC ministers fresh reform of the CAP reform.

The Commission has clearly overstepped its boundaries. It is high time democracy was brought back into the institutions of Europe and Europe's interests were no longer said to clash with those of individual member states.

What then should be done in the short term? First, member states should not accept a Gatt agreement at any price. They must take a close look at the way the Commission defends Europe's interests. They must press the case that the Commission is only the executive branch and that it is for them to give clear directives.

Second, member states must use the Uruguay Round trade negotiations to design a comprehensive, ambitious trade policy for Europe. They cannot go on being ordered around and giving in to diplomatic pressure or to unsubstantiated threats of trade sanctions. Only after drawing a clear picture of objectives should member states seat themselves at the negotiating table.

Ours are not parochial arguments. Enough is at stake for France to be willing to take the risk of a crisis with the US or even with its European partners. The new French government can indeed be expected to veto the farm agreement in order to seek a new, balanced and fair deal with the US.

It is for Europe to build itself.

**Luc Guyau**

*The author is head of the French farmers' union, FNSEA*

# OBSERVER

## Heart of the matter

■ If Lord Hanson can do it, why can't Malcolm Walker, Britain's frozen food king? Walker, the ebullient chairman of Iceland Frozen Foods, is suffering from a increasingly common affliction of Britain's multi-millionaire class. He has caught the radio bug.

Walker, 47, who transformed a roadside strawberry stall into a £600m retailing growth stock, wants to open a commercial radio station in his company's North West back yard. He has persuaded Chrysalis, the media group, and Greenalls, the brewers, to help him start Heart FM.

Not that he has the field to himself. There are plenty of other likely lads ranging from Owen Oyston, the socialist millionaire, to former Granada boss David Plowright, who fancy their chances of being the voice of the North West.

But Walker's big advantage is his marketing flair. He's already playing tapes of Heart FM's romantic, easy listening music in Iceland's hundred plus shops in the region. And in case customers are not listening, he has plastered his shop windows with giant posters – Heart FM, the Future Sound of the North West?

But is this the sort of message that the City wants to hear? It is one thing for a veteran businessman like Lord Hanson to indulge himself by setting up Melody Radio. But Walker is a relative newcomer to the stock market and a good twenty years younger than Melody Radio's promoter. Unlike Lord Hanson, Walker still has to prove his staying power. Better to stick to frozen food for a bit longer, Malcolm.

## Value for money

■ A Barclays Banker writes. "We enclose your cheque for $8.15. We feel that it is not in your best interest to negotiate this cheque for you as its sterling value totals £5.43 and our charge for negotiating the cheque is £8."

So who gets to keep the $8.15?

## Ingratitude

■ Still on the subject of tactless bankers, a distressed Arthur Young accountant reports that his far from generous quarterly pension arrives by giro credit from something that his bank calls the Ernst & Young Burden account.....

## Custom driven

■ International acquisitions are never easy, but Sherwood Group, the Nottingham lace and lingerie manufacturer, has an unusual problem on its hands.

It is buying Lepel, number three in the Italian brassiere market, and would like to sell a few of its chic Latin designs in the UK. But, for some reason that eludes Observer, Italian women almost always buy B-cup bras. (For the uninitiated, this is, well, middle-sized.)

British women, explains Sherwood chairman David Parker, come in a much wider range of sizes. His technical experts are already considering how to adapt the Bologna production line to cope.

'My parents and my teachers think I'm boycotting some stupid test'

## Marathon man

■ Lucky old Rocco Forte, the chairman and chief executive of the UK's largest hotel group. For months loyal supporters of his family firm have believed that he dare not cut the company dividend for fear of inciting the corporate governance lobby who argue that he should split the job of chairman and chief executive.

But wise old heads in the City have been arguing for some time that a dividend cut was not only prudent, but an absolute necessity to reduce gearing. Then came the suspension of shares in Queens Moat Houses, Forte's leading rival, two weeks ago.

Suddenly, even Forte's most avid City supporters are forecasting a cut in the dividend later this week and arguing that it would be a statesmanlike move.

## Body count

■ It is not just the residents of Los Angeles who have strong feelings about the case against the four white police officers accused of violating black man Rodney King's civil rights.

The ugly video film of a man being beaten while he was on the ground has meant that everyone from Paris to Tokyo has a view on a drama which threatens to inflame Los Angeles again.

Less well known is the fact that when it comes to racial balance in recruitment, the record of Los Angeles' police department is above average. According to a recent University of Nebraska survey of the ethnic mix in 50 US city police forces, New York has the lowest ratio of black police officers to black residents whilst LA is top.

Some 14 per cent of its officers are black, which is in line with the black proportion of the City's population.

## Tongue tied

■ Is this another Silicon Valley in the making? The favoured spot for Britain's new breed of telephone bankers is.... West Yorkshire.

Firstdirect, the Midland Bank pioneer, is based just outside Leeds and now it has been joined in Bradford by PrimeLine, National Westminster's experimental competitor. Market researchers say that the spot was picked not for its water, cheapness of labour, or its natives' ability to count money, but because of the soothing West Yorkshire accent.

Firstdirect spent a lot of money finding out which regional accent the British most liked. Bottom of the table came Liverpool scouse because most people found it too harsh. Scotland and Cockney were also rejected. This left West Yorkshire, which sounded warm and friendly.

Both banks now claim that they have access to staff whom customers like the sound of.

## Time, gentlemen

■ Pub customer: "Gimme a Vinny Jones."

Barman: "Sorry, sir, I'm afraid I haven't heard of that one. What is it?"

"Just a quick half and I'm off."

FINANCIAL TIMES
Tuesday April 13 1993



# East Europe quickly learns the Western art of protectionism

**Nicholas Denton** reports from the frontline of a new farm trade dispute

AT Hungary's Hegyeshalom frontier post, customs officers used to search for smuggled currency and subversive literature from the west. This Easter weekend, more than three years after the iron curtain disintegrated, customs officers on both sides of the Austro-Hungarian border spent their time blocking the passage of meat and livestock in both directions.

For Hegyeshalom is on a new frontline in the first tit-for-tat trade conflict between western Europe and its eastern neighbours since their association agreements with the EC came into effect just over a year ago. The European Community last week ordered a one-month blanket ban on imports of live animals, meat, milk and dairy products from across eastern Europe.

Ostensibly the aim is to suppress foot-and-mouth disease, a highly contagious virus affecting cattle, sheep and pigs. An outbreak in Italy has been traced to imports of live cattle from the Yugoslav successor states.

But east European governments doubt the EC's good faith. Officials suspect agricultural protectionism motivated the European Commission's decision.

Budapest and Warsaw quickly retaliated with their own prohibition on imports and transit of meat and livestock from the EC. Hungary claimed it would lose exports of $50m and Poland estimated $30m. Both countries said they were unaffected by the disease.

The east European reaction was unprecedented in speed, confidence and anger, with one western diplomat expressing surprise at Hungary's demonstration of "backbone".

**The momentum behind liberalisation of trade between east and west is fading; and protectionist pressures in both halves of Europe are growing**

The dispute is symptomatic of a broader trend. East European governments are wiser now of the gap between liberal trade rhetoric and practice. The political momentum behind liberalisation of trade between east and west is fading; and protectionist pressures in both halves of Europe are growing.

The Commission recently prolonged dumping duties against steel tubes and pipes, primarily from former Czechoslovakia. Beyond that the EC is issuing guideline prices for other steel products in order to assess dumping; working on a new system of tariff quotas for steel; and floating the idea of "voluntary restrictions" on east European producers.

Austria, outside the EC and the most exposed to eastern competition, is scheduled this week to apply what officials call "emergency brakes" on imports of east European cement, fertilisers and tractors.

US officials say there is a real possibility that the Clinton administration will blacklist Hungary as an unfair trader alongside South Korea. The US accuses Hungarian pharmaceutical firms of pirating US drugs. Prospects are poor for a crucial round of negotiations on the issue this week.

East European countries are themselves moving tentatively in the direction of protection. Poland is due to announce a new set of customs duties this month and the government is considering some non-tariff barriers. Hungary is considering 18 tariff increases on paper and other goods.

The measures come against a background of spreading political demands to restrict imports.

Mr Istvan Major, Hungary's deputy state secretary for trade, identifies a general "back-pedalling" on open markets all over eastern Europe.

The east European plans are in accord with the letter of their association agreements with the EC, which allow protection of infant and restructuring industries.

But eastern Europe could find that defences against imports backfire. Sir Leon Brittan, the European Community's external economic affairs commissioner, has urged east European governments to refrain from trade protection if they want improved access to EC markets.

Sir Leon said that east European governments needed only to be patient until the forthcoming EC summit. At Copenhagen the EC hopes to go beyond the rather limited association agreements in opening up its markets.

But east European governments are worried that EC concessions, if any, will come too late to dampen the momentum for trade defences.

Nafta talks resume, Page 2

THE LEX COLUMN

# Airlines loop the loop

Investing in airlines has long been a matter of hope deferred. Last week's flurry in airline shares on both sides of the Atlantic suggests investors are looking on the bright side once again.

The US carriers responded to good traffic figures and news that President Bill Clinton was establishing a commission to investigate the industry's difficulties. The simplest solution may be to change Chapter 11 administration procedures allowing the weakest carriers to go truly bust and removing surplus capacity. But that would hardly be politically correct. Some re-regulation and increasing toughness with foreign governments during forthcoming bilateral aviation talks appear the easier options. Such aggression would unsettle state-cosseted European airlines – although both BA and KLM would benefit from any general market liberalisation.

The commission may simply conclude the best strategy is to let market forces run their course. Like many other capital-intensive industries, airlines accentuate their plight by adding too much capacity at the top of the cycle and investing too little in recession. With the growth rate of the world's airline fleets slowing sharply and passenger demand set to rebound over the next few years, there should soon be a big upswing in airlines' profitability. The trouble is it may not arrive until 1995. It is too early for investors to buy for that recovery.

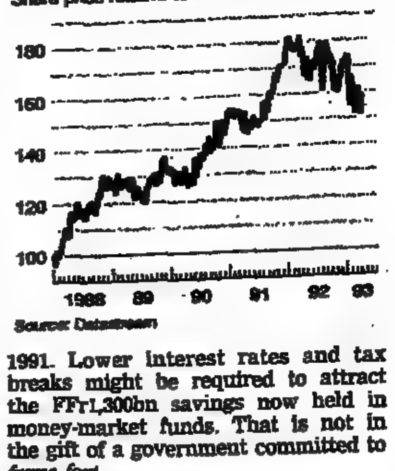
## French privatisation

The new French government will be disappointed to find the family silver so tarnished. The loss forecast last week by Péchiney, the aluminium group, was only the latest bleak statement from the state sector. Recession need not scupper the whole privatisation programme. The French equity market has risen by 20 per cent since last autumn in spite of the cyclical pain. Rhône-Poulenc's share offering in January showed that profits warnings and privatisation are not mutually exclusive. Interest-rate sensitive banks rather than industrial companies may now be front runners – provided their balance sheets can be cleaned up in short order.

But privatisation on any scale will require a shift of domestic savings into equities. The government's manifesto pledge to raise FFr40bn-60bn a year for the next five years would test the domestic equity market. Equity issues in Paris amounted to little more than FFr15bn last year and FFr30bn in 1991. Lower interest rates and tax breaks might be required to attract the FFr1,300bn savings now held in money-market funds. That is not in the gift of a government committed to franc fort.

**Lloyds Bank**

Share price relative to the FT-A Banks Index




Source: Datastream

The government will doubtless try to attract overseas capital without surrendering industry to the risk of foreign control. Relying on international capital will mean competing with other cash-strapped European governments, especially in sectors such as energy. Spain has already attracted foreign cash into Repsol this year. Italy may yet put Eni on the block. Elf Acquitaine will not want to be last in the queue.

## UK accounting

One drawback of the all-encompassing earnings figure arising from FRS3 is that it is more a record of all that has been happening than a real indicator of profitability. The kitchen-sink approach of the new standard makes a nonsense of comparisons between both companies and reporting periods. Hence the quest for a method of adjusting FRS3 to provide a standard measure of underlying performance.

The Institute of Investment Management and Research has rightly proposed that such an adjustment should be founded on the removal of nontrading, capital items from FRS3 earnings. Profits from the sale of assets – such as property trading profits taken by hotel groups – have little to do with trading performance. Those on the sale or termination of businesses should be excluded on the same principle. The results of discontinued businesses should be left in to provide a historic measure of performance, which is the best that adjustment can hope to do. Attempting to define maintainable earnings would involve too many subjective judgments.

A bigger controversy relates to the cost of fundamental restructuring. Such charges occur infrequently and can be very large. The temptation is to exclude them from underlying earnings too. But the line between frequent and infrequent is blurred and companies might use the opportunity to hide all manner of costs in their normalised earnings.

Including fundamental restructuring charges in adjusted earnings would require additional disclosure at the preliminary stage. Otherwise the market would be left guessing the level of tax relief on restructuring costs while it waited for the annual report. The scope for error could be large.

Indeed, the quest for an earnings adjustment formula places an onus on companies to publish comprehensive information at the preliminary stage. That could be seen as an opportunity rather than a problem. If a benchmark level of preliminary disclosure can be set alongside a benchmark earnings adjustment, companies falling short will have some explaining to do. That may be the greatest prize of all.

## Lloyds Bank

Sometimes Mr Brian Pitman of Lloyds Bank sounds more like a retailer than Britain's foremost clearing banker. At a Hoare Govett seminar last week, he was at pains to stress the scope for using the bank's distribution network to increase return. The bank does not need to confine itself to distributing its own financial products. There is nothing wrong in selling those manufactured by others. Nothing could be further from the old-fashioned idea that banks grow rich by expanding their loan book. Indeed, Mr Pitman believes high capital requirements are a useful way of preventing them falling into this trap. But he also believes in high targets for return on capital.

The trouble is that these aims can become contradictory. The activities of the future are those, like private banking, which absorb little capital. But the more successful Lloyds becomes with this approach, the more retained earnings will swell its capital, putting the return targets out of reach. The natural response would be to expand by acquisition if a target could be found at the right price. If not, consistency will require Mr Pitman to give surplus capital back to shareholders.

# Yeltsin opens poll campaign with defence of free market

By Leyla Boulton and Dmitry Volkov in Moscow

PRESIDENT Boris Yeltsin last night launched his referendum campaign, promising Russians there would "no second shock" in economic reform but making clear his radical programme would continue.

In his most personal defence of free-market policies so far, he saw his main role as "the guarantor of proprietors", and urged his weary electorate to resist nostalgia for their Soviet past.

"Don't believe any talk about socialist heaven and kind Soviet power," he told a group of students in his first big campaign speech. He said the April 25 referendum was about a decisive choice between reforms and "those who want to slide back to the past and put a cross on reforms and therefore on Russia". He also defended his pro-western policies, proclaiming on the eve of talks about assistance for Russia in Tokyo that there had been a "breakthrough in western attitudes to Russian reforms".

But, promising there was "no need or objective reason" for a new shock after price liberalisation last January, he said it was time to take a deep breath and shift gear in the reforms.

The speech pointed to a continuation of radical reforms launched last year. He said state-owned enterprises could no longer expect "free credits" and would have to speed up "structural change". The government's main mistake last year had been to try to "appease" opponents.

But the president also stressed the need for better legislation to guarantee property rights, in particular of land, the free sale and purchase of which is still forbidden by the Russian constitution.

The speech was a vintage Yeltsin combination of brave economic slogans and populist promises, in which he sought to soothe hurt and confused national pride. He reassured the electorate that Russia "was, is, and will be a world class industrial power". He added that Russia would not blindly copy the US, the country which Russians are most used to comparing their country with in military terms.

"A market system will not work as strictly as in the US. The state will be the guarantor of traditional values in this country like social justice . . . and social protection."

President Yeltsin won his greatest applause when he announced he had signed a decree increasing student grants, minutes after calling in his speech for a slowing down of the printing of money to fight inflation.

Speaking hours after provincial elections showed low turnout, he recognised the danger of voter apathy, but said he had no choice but to put his fate in their hands.

Russian president Boris Yeltsin (front row centre) lines up for a group portrait at a Kremlin awards ceremony yesterday

Bank agrees to limit, Page 3
Post-Tomsk safety checks, Page 3

# Nato polices Bosnian skies as fighting intensifies

By Laura Silber in Belgrade

NATO fighter planes began policing the skies over Bosnia-Hercegovina yesterday as fighting intensified on the ground with a Serb artillery barrage on Srebrenica, the Moslem enclave.

US Eagle fighter aircraft left their base at Aviano, northern Italy, at midday on Nato's first combat mission since the alliance was founded in 1949.

They were joined by French and Dutch aircraft, which will be supported by Nato early warning aircraft carrying multinational crews, including Germans on their first combat mission since the second world war.

But Western diplomats held out little hope that shooting down any violators of the six-month-old ban on flights would end the bloodshed in Bosnia. "The use of force at this point will have little military significance. Earlier, it would have been a serious step to prevent the division of Bosnia-Hercegovina," said a diplomat.

General Manojlo Milovanovic, deputy commander of the Bosnian Serb army, said his forces would not open fire or provoke any incidents but would carry on normal operations. "The Serbs will just carry on with their business as usual. They will defend their territories, and liberate more, and if Nato has oil to spare then it can chase its own tail in the Bosnia-Herzegovina sky," he told Belgrade radio.

As the Nato aircraft began their patrols, fighting on the ground broke out despite a United Nations-negotiated ceasefire. In Srebrenica, where thousands of Moslems have been besieged by Serb forces, 35 people were killed in a Serb artillery attack.

Serb forces besieging Sarajevo shelled the city as military leaders of the mainly Moslem Bosnian forces boycotted UN-mediated talks at Sarajevo airport.

General Sefer Halilovic, commander of the Bosnian army, said he refused to meet General Ratko Mladic, Bosnian Serb commander, until Serb forces had halted their attacks on Srebrenica and a ceasefire was in effect for 24 hours in eastern Bosnia, reported Bosnian radio.

In New York, UN officials confirmed that it was unlikely that the Security Council would decide on a tough new package of sanctions against Serbia. The officials said the decision to put off a vote on sanctions for up to two weeks was to accommodate Russian President Boris Yeltsin.

# Bankers see no need for reform of ERM

Continued from Page 1

are very clear. I think there will be very little formal change to the rules. The solution will probably be a more rational and better implementation of existing rules. You can do a lot within the formal framework."

"One of the basic rules of the system is that rates are fixed – but adjustable," said another senior central banker.

Early action to adjust rates would have deterred currency speculation, he added, by reducing tensions in the system. But ahead of the crisis "the possibility of making adjustments was simply ruled out for political reasons".

According to the same senior central bank official, too many governments have viewed the ERM as a precursor of European economic and monetary union.

Meanwhile, the recent calm which has settled over the ERM should help France to make a symbolic cut in the least important of its two official interest rates in the next few days, according to economists in Paris.

**World Weather**

| | | °C | °F |
|---|---|---|---|
| Ajaccio | F | 16 | 61 |
| Algiers | F | 22 | 72 |
| Amsterdam | F | 11 | 52 |
| Athens | S | 19 | 66 |
| Bahrain | S | 25 | 77 |
| Bangkok | F | 35 | 95 |
| Barcelona | F | 16 | 61 |
| Beijing | S | 16 | 61 |
| Beirut | S | 18 | 64 |
| Belfast | C | 7 | 45 |
| Belgrade | S | 15 | 59 |
| Berlin | S | 9 | 48 |
| Bermuda | C | 19 | 66 |
| Bombay | F | 30 | 86 |
| Bordeaux | F | 12 | 54 |

| | | °C | °F |
|---|---|---|---|
| Boulogne | F | 12 | 54 |
| Brussels | F | 14 | 57 |
| Budapest | C | 10 | 50 |
| Buenos Aires | F | 23 | 73 |
| Cairo | S | 27 | 81 |
| Cape Town | R | 16 | 61 |
| Caracas | F | 30 | 86 |
| Casablanca † | C | 19 | 66 |
| Chicago † | C | 3 | 37 |
| Cologne | F | 12 | 54 |
| Copenhagen | C | 5 | 41 |
| Corfu | C | 16 | 61 |
| Dallas † | S | 18 | 64 |
| Dublin | C | 9 | 48 |
| Dubrovnik | C | 17 | 63 |
| Edinburgh | Dr | 6 | 43 |
| Faro | F | 16 | 61 |
| Florence | F | 15 | 59 |

| | | °C | °F |
|---|---|---|---|
| Frankfurt | F | 11 | 52 |
| Geneva | F | 11 | 52 |
| Gibraltar | C | 18 | 64 |
| Glasgow | R | 7 | 45 |
| Helsinki | S | 5 | 41 |
| Hong Kong | | – | – |
| Innsbruck | F | 11 | 52 |
| Inverness | R | 5 | 41 |
| Islamabad | F | 29 | 84 |
| Istanbul | S | 16 | 61 |
| Jakarta | R | 31 | 88 |
| Johannesburg | S | 16 | 61 |
| Lisbon | F | 15 | 59 |
| London | C | 13 | 55 |
| Los Angeles † | F | 13 | 55 |
| Luxembourg | C | 11 | 52 |
| Madeira | C | 18 | 64 |
| Madrid | F | 13 | 55 |

| | | °C | °F |
|---|---|---|---|
| Majorca | F | 17 | 63 |
| Malaga | S | 17 | 63 |
| Malta | S | 23 | 73 |
| Manila | F | 34 | 93 |
| Melbourne | S | 25 | 77 |
| Mexico City | C | 26 | 79 |
| Miami † | S | 19 | 66 |
| Milan | C | 14 | 57 |
| Montreal † | C | 2 | 36 |
| Moscow | Sn | 1 | 34 |
| Munich | C | 7 | 45 |
| Nairobi | | – | – |
| Naples | C | 16 | 61 |
| Nassau | F | 27 | 81 |
| New Delhi | F | 27 | 81 |
| New York † | S | 7 | 45 |
| Nice | S | 16 | 61 |
| Nicosia | S | 17 | 63 |

| | | °C | °F |
|---|---|---|---|
| Oporto | F | 13 | 55 |
| Oslo | S | 5 | 41 |
| Paris | C | 13 | 55 |
| Prague | C | 7 | 45 |
| Reykjavik | F | 6 | 43 |
| Rhodes | S | 18 | 64 |
| Rio de Janeiro | C | 29 | 84 |
| Rome | F | 15 | 59 |
| Salzburg | C | 8 | 46 |
| S'Francisco † | S | 13 | 55 |
| Seoul | S | 13 | 55 |
| Singapore | F | 29 | 84 |
| Stockholm | C | 5 | 41 |
| Strasbourg | C | 9 | 48 |
| Sydney | S | 24 | 75 |
| Taipei | C | 20 | 68 |
| Tangier | C | 14 | 57 |
| Tel Aviv | S | 18 | 64 |

| | | °C | °F |
|---|---|---|---|
| Tenerife | S | 20 | 68 |
| Tokyo | C | 14 | 57 |
| Toronto † | C | 1 | 34 |
| Tunis | F | 21 | 70 |
| Valencia | F | 20 | 68 |
| Venice | S | 18 | 64 |
| Vienna | R | 7 | 45 |
| Warsaw | F | 8 | 46 |
| Washington † | S | 9 | 48 |
| Zurich | F | 10 | 50 |

Temperatures at midday yesterday
† Noon GMT temperatures
C-Cloudy Dr-Drizzle
F-Fair Fg-Fog H-Hail
R-Rain S-Sunny
Sl-Sleet Sn-Snow
T-Thunder

FINANCIAL TIMES

# COMPANIES & MARKETS



Tuesday April 13 1993





## INSIDE

### Intel revenues break through $2bn

Intel, the world's leading computer chipmaker, posted net profits of $547.9m on revenues of $2.02bn for the three months to March 27, compared with earnings of $184.1m on revenues of $1.24bn a year earlier. Mr Andrew Grove, chief executive, said: "It took us 22 years to get to the $1bn a quarter in revenues and, thanks to the explosion in demand for the Intel 486 chip, less than three years to get to $2bn a quarter." Page 17

### Stakes raised in smoke wars


The decision by Philip Morris to raise the stakes in the US cigarette price war by cutting the price of Marlboro, its leading brand, has damaged the shares of BAT Industries.However, Mr Martin Broughton, BAT chief executive, says: "All the evidence suggests that though discounts will raise a brand's sales, they fell back when the price is increased again, and usually end up lower than they were in the first place." Page 16

### Spain renews ERM tensions

Yesterday's news of an early general election in Spain could lead to another bout of speculation against the peseta and renewed tension within the ERM. Page 18

### Prospective p/e ratio

The latest prospective p/e ratio for the "500" index for calendar 1993 is 14.3 according to IBES, the consensus estimates service (Last week: 14.4). This compares with an IBES estimated p/e for the "500" of 18.0 (18.1) for calendar 1992. The official FT calculation of the historic p/e, based on the latest reported earnings, is 17.8 (17.98).

### Market Statistics



### Companies in this Issue



# Nomura urged to participate in GPA issue

By Roland Rudd in London

GPA GROUP'S biggest shareholder, the Mitsubishi Trust and Banking Corporation, is urging its financial adviser, Nomura International, to take up part of the company's $200m convertible preference share issue.

Bankers to GPA recently gave the debt-ridden aircraft leasing company until the end of this week to raise $100m from existing shareholders and new investors, with indications of serious bids for the other $100m. But international investors have given a less than enthusiastic response to the fund-raising exercise which is the first stage of a broader financial restructuring.

Mitsubishi, with 12 per cent of the equity, has indicated that it is willing to subscribe for up to $50m of the new shares on condition that Nomura does the same.

Nomura, which co-ordinated GPA's ill-fated attempt for a public listing last summer, has so far refused Mitsubishi's request. It already holds 1.75m GPA shares, most of which it bought at an average of $20 a share compared with the $1 conversion price of the convertible.

According to one of the group's bankers, GPA has identified other shareholders and potential new investors which may be willing to subscribe.

These include existing shareholders such as the Long Term Credit Bank of Japan and a big US state pension fund based in Pennsylvania. However, so far only the Irish government has commited itself to taking part in GPA's share issue.

The Shannon Development Authority, a regional development agency in the west of Ireland where GPA is based, is willing to take up the rights of Aer Lingus, another big shareholder.

GPA's other big shareholders, Irish Life and Air Canada, have not committed themselves.

Mr Tony Ryan, the group's founder and chairman who has an 8 per cent stake, has told bankers he is unlikely to take up his rights.

Some shareholders are concerned that the group has been unable to raise $752m from the sale of bonds backed by 18 aircraft leases, called ALPS 2. The group originally hoped that the issue, led by Lehman Brothers, the US investment bank, would be completed by the end of March.

It subsequently said that ALPS 2 would take place sometime this year. But according to one shareholder "its continual postponement" has caused concern.

# Argentaria announces price of share offer

By Tom Burns in Madrid

ARGENTARIA, the state-owned Spanish bank, is to go ahead with its international share offering in spite of the uncertainty created by yesterday's snap election announcement.

The bank announced a price range of Pta3,500 to Pta3,950 a share for the sale, valuing the 22.31 per cent stake on offer at Pta98bn to Pta110bn ($953m).

Analysts described the range as reasonable, saying the final price would be close to or even below the group's book value of Pta3,963 a share. The final offer price will be set on or around April 27 and the subscription period will start at the end of the following week.

"In an electoral period it is likely that Argentaria will be seeking to offer as attractive a price as possible," said Mr Juan Cueto of Ibersecurities, a Madrid stockbroking firm.

Argentaria will offer 28m shares or approximately 22.31 per cent of its equity. The offer may be increased to 31.3m shares, or 24.9 per cent, if justified by demand.

More than half of the offering will be aimed at retail investors in Spain. Four million shares, in the form of 8m American depositary receipts will make up the US tranche with Morgan Stanley acting as lead manager

The UK tranche comprises provisionally 3.5m shares, with SG Warburg as lead manager. The continental European tranche, lead by Union Bank of Switzerland, will account for 2.5m shares. A further 1m shares will be offered outside these areas under the leadership of Merrill Lynch.

**Richard Waters** reports on UK stockbroker's spell in the rough

# James Capel aims to stay on a fairway

For James Capel, 1992 was going to be a banner year. Over-expansion at the end of the 1980s had been followed by a round of cost-cutting: by the end of last year, staff numbers were more than 1,000 below their peak. Profits were going to reach levels not seen since the UK-based broker became part of the Hongkong Bank group in 1986.

It was not to be. An eastern European venture capital fund, launched by Capel in New York at the end of 1989, came back to haunt the broker in 1992. The entire DM48m ($30m) invested in the fund, New Europe Hotels, appears now to have been lost and Capel – which had two directors on the fund's board – has compensated investors for their losses. The saga ended last week with the resignations of three senior executives, including Mr James Fergusson, managing director.

The New Europe Hotels wipe-out owes much to one large bad investment: a DM20m stake in the Gut Altentann golf course near Salzburg, home of the Austrian Open championship. The plan was to develop a hotel at the course. That project was later shelved, due in part to difficulties with planning permission – though Capel may recover part of its investment.

Other investments by the fund, created primarily to invest in western-standard hotels in eastern Europe, are thought to have been very small, though the fund spent millions on legal and other advice connected with potential hotel developments, and on its own operating costs.

The UK broker, which launched the fund through its New York office, opted to pay compensation rather than fight angry investors through the courts. Not to do so, it feared, could have led to large legal fees and a loss of goodwill among investment clients – Capel's greatest asset.

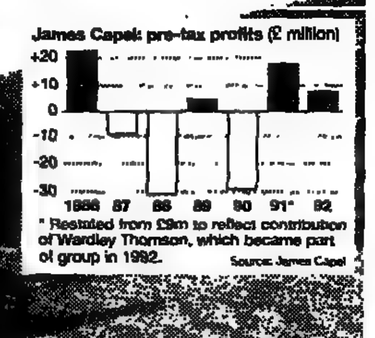
Mr Bernard Asher, the HSBC director who became Capel's chairman two years ago, says the New Europe Hotels saga was the result of over-ambition.

It was "well outside the parameters of what we were meant to be doing" in New York. Capel's business should revolve around selling equities to its high-quality institutional customer base, not using its distribution strength to sponsor low-quality transactions which have been rejected by other investment banks, he adds.

The effect on the broker's 1992 results was devastating. Operating profits, before special charges, seemed likely to reach close to £30m ($45.8m) – a return of more than 20 per cent on the broker's capital of £128m. The reported figure was cut to only £7.5m by New Europe and a series of charges related to redundancies and the effects of the City of London bomb which forced Capel out of its offices last March, just as the stock market was jumping after the UK general election.

In the bunker

Gut Altentann, home of the Austrian Open




Bernard Asher, chairman

The senior management changes forced by last week's resignations are the latest moves to give a new face to the broker's top management since Mr Asher moved in to exercise more direct control by Hongkong Bank two years ago.

Mr Peter Letley, another Hongkong Bank appointee and Capel's finance director since 1988, became deputy chairman earlier this month. Mr David Dugdale, a former deputy chairman and senior executive who had already taken on a non-executive role, took early retirement in February. Mr Mike Geering, director of research, left for Mercury Asset Management late last year. Senior Capel executives say the move does not imply a change of direction, but that after six years in the job it was time for change.

Capel prefers to point to the continuity in its senior management. This includes the appointment last week of the 36-year-old Mr Robert Benton as managing director. A former equity salesman who joined Capel 11 years ago, Mr Benton comes from the traditional heart of Capel's business, as head of UK institutional broking.

Getting Capel back into the black has taken some hefty pruning. Like others, the broker expanded rapidly after the Big Bang reforms of 1986, driven by its perceived need for a worldwide equity distribution network. In the year before Mr Asher arrived, staff numbers were cut by 300, but they still stood at 2,300. On a comparable basis – without the HSBC-owned Wardley-Thomson brought into the group last year – they are now 1,480.

A move into France, where it acquired the stockbroker Dufour Lacarrière Pouget, was typical of the over-expansion. Having bought a retail stockbroker also engaged in bond trading, Capel tried to turn the business into an institutional stockbroker with a strong derivative trading operation. It has now been cut right back, leaving just a team handling equity distribution. Staff in France rose from more than 200 at the start of the decade before falling back to under 40 now.

Other overseas adventures have not involved acquisitions and have been less painful. For example, Capel did not experience the losses in Japan that hit some foreign brokers during the market doldrums of 1992.

The pruning has left what Mr Asher calls "a specialised international securities house" with a business built around research-based agency broking. It also has limited securities trading operations, so that they help its institutional clients to execute their business rather than trade for the firm's own account.

This means Capel does not need large financial resources. The capital employed in the business, now £128m, has fallen as the broker has repaid loan capital to its parent. That in turn has brought down its interest costs, helping to bolster profits.

Will Capel eventually be subsumed into a larger HSBC investment banking operation, built out of the Wardley and Samuel Montagu businesses as well as the UK broker? Mr Asher is now chairman of all three, having taken over at the Midland-owned Montagu two weeks ago.

He says no such changes are planned: "I have to be much more pragmatic than that. We are not an integrated US investment house, and should not posture as one." He points out, for example, that Capel works closely with a number of merchant banks in London. "That relationship is good and strong, and I'm not about to disturb that." Nevertheless, Mr Asher – and Capel's senior executives – hope that Samuel Montagu will become a source of new corporate transactions to feed the broker's distribution arm. Getting the balance right will be the biggest test of the coming few years.

If Capel can put experiences like New Europe Hotels behind it, it could emerge as one of the most profitable London-based securities houses. But given its history since the mid-1980s, that may not be something HSBC's shareholders would bet on.

# Darker mood casts a cloud over Austria

## Economics Notebook

By Ian Rodger in Zurich

Austria provides a fresh and depressing case study of how hard times can breed unpleasant politics.

For most of last year, the Austrian economy was the envy of Europe, defying the entrenched or deepening recessionary tendencies elsewhere. As late as September, economists were still predicting GDP growth of 2.5 per cent for the year, and Mrs Maria Schaumayer, president of the Austrian central bank, was assuring visitors that the country would not even have to face a soft landing in 1993.

Against this buoyant background, most Austrians displayed an admirable tolerance for the flood of immigrants and cheap goods pouring in from eastern Europe.

While ugly anti-immigrant riots were breaking out in neighbouring Germany, Austria was quietly absorbing well over 100,000 new arrivals, some 60,000 refugees from Bosnia alone.

There were problems, of course. Petty crime rates went up and some Vienna neighbourhoods became unacceptably overcrowded with immigrants, leading to demands from Viennese parents that quotas be set on non-German speaking children in their primary schools.

And some industrialists, notably those in textiles, cement and fertilisers, complained of unfair competition from low-cost eastern European producers and demanded protection. Austrians were at an unfair disadvantage, they claimed, because they had to invest heavily in environmental protection systems and pay full market prices for energy whereas eastern Europeans did not.

But Austrian political and business leaders, magnanimous in their prosperity, were confident that the social problems could be solved and seemed ready to accept that some basic industries would have to be ceded gradually to lower-cost producers in the east.

After all, one of the reasons the economy was doing so well was because of bubbling exports to eastern Europe. Moreover, the country's leaders were optimistic that renewed ties with eastern Europe would bring new vitality to the economy in the medium term.

"It is hard for us to do anything to help these hurt sectors because we are doing so well overall," Mr Johann Farnleitner, deputy director of the powerful federal Chamber of Commerce, said in September.

But in the past few months, the country has plunged suddenly into economic stagnation. Its future economic growth may come from cultivating links with eastern Europe, but at present it is still heavily dependent on Germany.

Nearly 40 per cent of Austria's total exports go to its giant neighbour, so it was inevitable that the slumping demand in Germany would spill over.

It hit particularly hard in the fourth quarter. Austrian manufacturers' export orders dried up and industrial output tumbled. In December alone, industrial production dropped 8 per cent.

GDP growth last year was up only 1.5 per cent and economists have repeatedly revised down their forecasts for the current year. The latest estimates from the authoritative Austrian Institute of Economic Research (WIFO), published a few days ago, call for zero growth, the worst performance since 1981. Private sector economists fear it could be worse still, especially if the German economy continues to weaken.

The amount of money owed by failed Austrian companies doubled in the first quarter to Sch8.8bn ($775m), and business leaders have been warning of some big headline cases still to come. Unemployment is rising towards 7 per cent, a level not seen since the 1950s.

In this suddenly darker climate, tolerance has equally suddenly given way to a narrower view of self interest. In January, Mr Jörg Haider, the populist leader of the right-wing Freedom Party, launched an inflammatory petition campaign aimed at curbing immigration and immigrants' rights.

The petition itself was a flop, but only because of massive campaigning against it by all other political parties, the churches and most of the media. But its message was heard. Last month, Mr Franz Löschnak, the interior minister, announced that Austria would not accept any more refugees from Bosnia.

Also last month, quotas were introduced on cement imports from eastern Europe. Last week saw the beginning of restrictions on fertiliser imports. Industrialists in several other sectors are clamouring for protection and they are now likely to be heard.

They have a new and unexpected champion in the person of Mr Franz Vranitzky, the normally unflappable and business-like chancellor. Last autumn Mr Vranitzky shrugged off the pressure on some Austrian industries from eastern Europe as an inevitable micro-economic cost in a macro-economic success story.

But today, with the economy in trouble and an election only a year away, he is more strident. "If cheap imports are threatening Austrian industries, because the reforming countries do not have environmental standards and because energy costs are massively subsidised – in other words there is no fair competition – then it is legitimate to take measures to protect domestic companies, at least temporarily," he told a symposium on Austrian industry last month.

It would be unjust to be too critical of these trends. Austria's responses to its slump are not noticeably different from – and in many instances are less severe than – those of other western European countries. Compare Britain's niggardly response to the Bosnian refugee crisis, or the draconian measures taken by the European Commission in recent months to keep out low-cost imports from eastern European countries.

But the distressing thing is that they are all pointing in the same sterile direction. "The iron curtain is closing again, but this time we are the ones who are closing it," an Austrian diplomat observed glumly a few weeks ago. At the time, the remark struck me as a gross overstatement. Now I am not so sure.

# Lloyds Bank against full takeover of insurance arm

By John Gapper, Banking Correspondent

LLOYDS BANK is unlikely to spend surplus capital to increase its 60 per cent share in Lloyds Abbey Life, its insurance arm, Mr Brian Pitman, Lloyds' chief executive, has indicated.

Mr Pitman said that purchasing the remaining 40 per cent at a cost of £1.1bn ($1.7bn) would have "all sorts of negatives".

He said a full acquisition could encourage a clash of cultures between employees.

Mr Pitman's remarks at a banking conference organised by the stockbrokers Hoare Govett follow speculation that Lloyds might buy the rest of Lloyds Abbey Life rather than trying to acquire a bank such as TSB or Royal Bank of Scotland. He said Lloyds had gained from its Abbey Life stake because it had learned new methods of rewarding staff for achievement.

However, a full acquisition could lead to a confusion between sales and service cultures. "It is certainly not the case that in banking, the more products you sell the more money you make. It would be very dangerous for our managers to believe that," he said.

Mr Pitman said that Lloyds, which last year made a pre-tax profit of £801m and achieved a 16.9 per cent post-tax return on shareholders' equity, was now generating cash and would continue to strengthen its capital ratios.

Mr Pitman said that Lloyds hoped to increase its return on shareholders' funds to more than 18 per cent.

Lex, Page 14

# Institutions look to Japan

By Paul Taylor

ALMOST A quarter of Britain's leading institutional investors are planning to increase their holdings of Japanese equities according to a Gallup survey for Smith New Court, the securities house, which is published today.

The latest survey of 90 institutions handling £594bn of funds carried out earlier this month shows a marked shift in fund managers' preferences for overseas equities.

The percentage of fund managers planning to increase their Japanese equities exposure has risen from 5 per cent in March to 23 per cent this month, the highest level since June last year.

However, institutions are becoming less positive about investment opportunities in continental Europe and the UK, and there is a growing intention to sell US equities.

Only 9 per cent of the survey respondents plan to increase their holdings of UK equities compared with 18 per cent last month, but fund managers appear to be more optimistic about the longer term outlook for UK equities than any other main market.

A balance of 78 per cent of respondents are bullish about UK equities over the next 12 months compared with the 58 per cent who are bullish about Japanese equities, 53 per cent optimistic about continental Europe and 27 per cent who are positive towards US equities over the same period.

There have also been further upward revisions in the April survey to forecasts for earnings per share growth in the UK, from 12 per cent to 14 per cent for 1993 and from 14 per cent to 14.5 per cent for 1994.

Forecasts for dividend per share growth remain 4 per cent and 6 per cent respectively.

Optimism is still growing about prospects for the UK economy.

In April, 26 per cent of managers thought the general economic situation would markedly improve in the coming year, compared with only 10 per cent in December.

# Vinten pays $17.5m for its US distributor

By Nathalie Lemoine

VINTEN, the Suffolk-based camera mountings and systems, surveillance and electro-optics company, is buying Bogen Photo Corporation, its long-established American distributor, from Victor Hasselblad, an affiliate of Incentive, the Swedish industrial group.

A maximum cash consideration of $17.5m (£11.6m) is agreed, but will be reduced if Bogen's net assets at completion are less than $10m.

Bogen currently sells 30 per cent of the photographic equipment manufactured by Gruppo Manfrotto, which was acquired by Vinten in 1989.

Existing management will continue to operate the company which showed a profit before tax of $3.4m for 1992.

Gearing – 27 per cent at the year end – will increase after the acquisition. Mr Malcolm Baggott, chief executive, said this was not worrying as interest was covered 10.5 times last year.

"This vertical integration secures our distribution in the US, our largest export market," explained Mr Baggott, adding that the group was already self-distributed in Italy and France.

# Marlboro move leaves BAT gasping for breath

## Philip Rawstorne on the US cigarette price war

THE DECISION by Philip Morris to raise the stakes in the US cigarette price war by cutting the price of Marlboro, its leading brand, has wreaked costly damage to the shares of BAT Industries.

Investors' concerns about the possible impact on BAT's US tobacco profits – about £380m of a worldwide total of £1.34bn last year – have sent the share price of the UK-based multinational tumbling from 999p to 887p, wiping some £1.66bn off its market capitalisation.

Martin Broughton: perplexed by Philip Morris's tactics

Mr Martin Broughton, chief executive, professes to be more perplexed than worried by Philip Morris's tactics.

"We find it difficult to see what it hopes to achieve," he says.

He compares Philip Morris's move to that of "a poker player holding a full house who calls a misdeal in the hope of getting a better hand."

BAT, he says, will wait to see what happens in the market before playing its own cards.

"We may be one of those who started the price war, but we have no wish to escalate it," he adds. "But we shall be ready to respond tactically where necessary."

Brown & Williamson, its US subsidiary, claims 20 per cent of the discount sector which has been eating into Marlboro's market share.

Almost non-existent 10 years ago, discount cigarettes now account for 36 per cent of the total market.

Brown & Williamson's GPC Approved is the fastest-growing brand in the sector.

From an overall market share of 1.2 per cent in 1990 it has risen to become the seventh best-selling cigarette in the US with 4.2 per cent of the market.

Even if the price of a pack of Marlboro is cut by the expected 40 cents, it would still cost 50 cents a pack more than GPC Approved, says Mr Broughton.

That narrowing of the price differential might temporarily stem the decline in Marlboro's market share, Mr Broughton concedes – but it would carry substantial risks.

"Philip Morris does not intend to reposition the Marlboro brand at a permanently lower price level.

"All the evidence – including our own experience and Philip Morris's test marketing in Portland – suggests that though discounts will raise a brand's sales, they fall back when the price is increased again, and usually end up lower than they were in the first place."

Nor could it be in Philip Morris's interest to extend the discount sector, in which its 12 own-label and other brands already vie for market leadership with RJ Reynolds's 19 products.

"To do so would threaten sales of the group's much more profitable full-priced brands such as Benson & Hedges and Merit," Mr Broughton argues.

BAT's main full price brands – Kool menthol and Capri superslims – occupied market niches which, though highly competitive, had so far proved resistant to discounting, he says.

# Consultants take helm at Queens Moat

By Christopher Price

QUEENS MOAT HOUSES has appointed two senior consultants to help run the embattled hotel group. They will take over the main duties of the deputy chairman and finance director, both of whom were suspended two weeks ago as part of the inquiry into the group's finances.

The appointments, made at the behest of the group's bankers, will reinforce calls from Queens Moat's creditors and shareholders for a new management team to be appointed before trading resumes in the company's shares. The listing was suspended on March 31.

The two consultants, whose names are not yet being revealed, will strengthen the investigating team, which is headed by accountants Grant Thornton and was sent in by bank lenders to ascertain the state of the company's finances. They will make a preliminary report within the next few weeks.

A deterioration in Queens Moat's fortunes is believed to have reduced an expected £80m profit for 1992 to losses of up to £80m.

The consultants, specialists in rescuing companies in difficulty, will not sit on the board but will fill the gap while a new chief executive is sought.

The suspension of Mr Martin Marcus, the deputy chairman, and Mr David Hersey, the finance director, came two days after the shares were suspended on the London Stock Exchange.

Mr Marcus sold half his shares to fulfil personal obligations on the day prior to its closed period. An inquiry into Queens Moat's share dealings has recently been undertaken by the London Stock Exchange, but no decision has yet been taken on further action.

Meanwhile, reports over the weekend of a row between UK and German banks over the holding of Queens Moat deposits were being played down by both the company and leading UK banks.

# PNG to take 30% stake in RTZ gold joint venture

By Kevin Brown in Sydney

PAPUA NEW Guinea has confirmed it plans to take a 30 per cent stake in the the Lihir Island gold project being developed by RTZ Corporation of the UK and PNG-based Niugini Mining.

The government had earlier planned to take a 20 per cent stake in the project, which is expected to develop into one of the world's biggest and lowest cost gold mines.

However, Mr Masket Iangalio, mining minister, said the cabinet had decided to increase its proposed stake to equal its holding in the Porgera project, the biggest gold mine outside South Africa.

"This shows all the mining community here in PNG that we like to maintain a standard policy... and get a fair share for our people," Mr Iangalio said.

The announcement was welcomed by Niugini, a 55 per cent-owned subsidiary of Battle Mountain Gold, the US resources group, which owns 20 per cent of the Lihir project.

"We have always encouraged the PNG government to take a full part in the project, and we are very happy with the level of equity they plan to take," said Mr Gavin Thomas, director of exploration.

The government is expected to pay $37.5m (£24.8m), equivalent to 30 per cent of the project's sunk costs, for its stake. The deal will reduce Niugini's shareholding to 14 per cent, and RTZ's from 80 per cent to 56 per cent.

**The Lihir mine is expected to produce 620,000 ounces a year for the first few years, rising to 1.3m ounces a year later in its 30-year life.**

Mr Iangalio said the government hoped to grant a special mining lease in October or November, enabling construction and tunnelling work to start. Niugini estimates that mining would probably begin between 27 and 33 months later.

The Lihir mine, which has proven and possible reserves of 42.2m troy ounces of gold, is expected to produce 620,000 ounces a year for the first few years, rising to 1.3m ounces a year later in its 30-year life.

Total costs of $248.75 an ounce, including $163.20 cash operating costs, will make it one of the world's lowest cost gold mines.

Mr Iangalio said the government's decision to take "positive steps" to secure a significant stake in Lihir was prompted partly by a recent dispute with the overseas owners of the Porgera mine.

The dispute ended last month when the government agreed to pay K138.75m (£91.8m) to increase its stake from 10 per cent to 25 per cent – less than the 30 per cent it had sought.

The deal reduced the equity of the three Australian-controlled joint venture partners – Placer Pacific, Renison Goldfields and Highlands Gold, a subsidiary of MIM Holdings – from 30 per cent each to 25 per cent each.

The Australian groups initially refused to reduce their equity in Porgera when Mr Paias Wingti's newly-elected government announced last year that it wanted to increase its stake to 30 per cent.

"With the experience we went through with equity participation in Porgera we are taking positive steps now to address that participation [in Lihir]," Mr Iangalio said.

**CROSS BORDER M&A DEALS**

| BIDDER/INVESTOR | TARGET | SECTOR | VALUE | COMMENT |
|---|---|---|---|---|
| IBM (US) | Compagnie Generale d'Informatique (France) | Computer Services | £303m | Needs many approvals |
| GE Capital (US) | TIP Europe (UK) | Transport | £71m | Strengthening competition for Tiphook |
| Tyco Laboratories (US) | Unit of Suter (UK) | Engineering | £36m | Wipes out borrowings |
| Burmah Castrol (UK) | Tribol (International) | Industrial lubricants | £32m | Another ICI disposal |
| Sherwood Group (UK) | Lepel (Italy) | Clothing | £19.6m | Product balancing buy |
| Vinten Group (UK) | Bogen Photo Corp (US) | Photographic equipment | £11.6m | Vertical integration move |
| Northfield Metal (UK) | Doerner (Canada) | Chair controls | £7m | FKI non-core disposal |
| SNPE (France)/Borsodchem (Hungary) | Framochem Kft (Joint venture) | Fine chemicals | £3.3m | 50/40 split |
| Holset Engineering (UK) | Kompressorenbau Bannewitz (Germany) | Engineering | n/a | Buy from Treuhand |
| Samsung Electronics (S Korea) | Array Microsystems (US) | Semiconductors | n/a | Latest in a series |

# Intel buoyed by exceptionally strong first term

By Karen Zagor in New York

INTEL yesterday consolidated its position as the world's leading computer chip maker with exceptionally strong first-quarter earnings and revenues on the back of brisk sales of PCs using its microprocessors.

The unexpectedly robust results, and the company's bullish forecast for the second quarter, lifted shares across the semiconductor manufacturing sector in mid-session trading. Intel firmed $4 to $117, Motorola climbed $1¼ to a 52-week high of $70½ and Advanced Micro Devices hit a year-high of $25⅞, up $⅝.

For the three months to March 27, Intel posted net profits of $547.9m, or $2.48 a share, on revenues of $2.02bn. This compares with earnings of $184.1m, or 86 cents, on revenues of $1.24bn a year earlier.

Wall Street had expected Intel to report earnings of about $2.13 a share, and few analysts had expected per-share earnings to exceed $2.40.

Mr Andrew Grove, chief executive, said: "It took us 22 years to get to the $1bn a quarter in revenues and, thanks to the explosion in demand for the Intel 486 chip, less than three years to get to $2bn a quarter."

Intel is the leading supplier of microprocessor chips which form the brains of more than 70 per cent of the world's PCs.

Andrew Grove: responded to rapid demand growth

Mr Grove said computers using Intel's 486 microprocessors have become the preferred solution for a wide range of computer tasks. "Fortunately we have been investing heavily in new plant and equipment, so we have been able to respond quickly to this rapid growth in demand."

The company recently unveiled plans to add a $1bn expansion to its New Mexico plant.

Intel said its record first-quarter bookings "indicate a positive outlook, with favourable produce mix and potential for revenue growth in the second quarter".

# Japanese electrical group sees first loss

By Michiyo Nakamoto in Tokyo

ALPS Electric, a leading Japanese electronics parts manufacturer, expects to reveal consolidated net losses for the first time when it reports its results for the year to March 1993.

Alps, which makes electronic parts for consumer electronics, data communications and other electronic equipment, forecasts net losses of Y2.3bn ($20.2m), compared with a forecast made in November of profits of Y1.5bn.

The lower result will stem mainly from extraordinary losses at a subsidiary, Tohoku Alps, where it was necessary to liquidate inventory.

In the year to March 1992, Alps reported consolidated net profits of Y7.3bn.

The group is selling securities holdings in other companies to improve taxable profits which are forecast at Y5.6bn, compared with a previous forecast of Y4.5bn. In the year to March 1992, consolidated pre-tax profits were Y15.8bn.

Consolidated sales are forecast at Y420bn, compared with a previous forecast of Y430bn and 1992 sales of Y461bn.

# Pilatus to buy Piper Aircraft assets

By Nikki Tait in New York and Ian Rodger in Zurich

PIPER Aircraft Corporation, one of the few remaining manufacturers of small aircraft in the US, has agreed to sell most of its assets to Switzerland's Pilatus Aircraft.

Pilatus, which makes single-engine, turbo-prop training aircraft as well as utility and commuter aircraft, would pay $20m in cash, provide a $10m note, and assume $8m of obligations.

However, the tentative deal with Pilatus, a subsidiary of the Zurich based Oerlikon-Bührle weapons and engineering group, could open the door to competing offers.

Piper – with headquarters in Vero Beach, Florida – has been operating under bankruptcy court protection since July 1991, and US bankruptcy procedure usually allows any asset sale proposal to be successfully topped by a "higher and better offer".

Yesterday, lawyers for Piper said there had been no formal position taken on the Pilatus offer by Piper's unsecured creditors, but they had generally encouraged management to get a sale process under way.

"We owe it to our creditors, employees, distributors and suppliers to resolve the bankruptcy at the earliest possible date with the greatest pay-out to the creditors," said Mr Charles Suma, the chief operating officer at Piper.

Like other small aircraft manufacturers, Piper has been bedevilled for years by product liability suits – which have led to heavy legal costs and onerous insurance premiums.

Critically, the agreement with Pilatus envisages that the Swiss company would acquire the Piper assets "free and clear" of these claims.

Part of the Pilatus consideration would then be set aside in a trust to deal with such product liability actions, where successful.

The latest events at Piper follow an active decade for the company. Founded in 1929, Piper was a family-run business for many years. However, by the 1980s ownership had passed to Lear Siegler, the US private company.

In 1987, Mr Stuart Millar, a US businessman who had been a Second World War fighter pilot, bought the company. In early-1991, there were attempts to sell the business – by then cash-strapped – to Aerospatiale but the French aerospace group withdrew, largely because of the product liability problems.

In 1991, when Piper went into bankruptcy, it had effectively ceased operations. Today, however, it employs about 350 people, and last year delivered 85 piston-engined aircraft. Sales over the past 12 months were about $47m.

# IRI seeks to raise up to L1,200bn from SME

By Haig Simonian in Milan

IRI, the Italian state holding company, is expected to raise between L1,000bn and L1,200bn ($631m-$757m) by selling the industrial activities of its listed SME foods subsidiary.

SME's food production activities are concentrated in Italgel (frozen foods) and Cirio, Bertolli, De Rica (canned foods and edible oils). Preliminary offers for the two businesses, put on sale in March, are due next week, after which final offers will be selected from a short list. The buyers may be known by the end of May.

About 30 companies have expressed interest in the two businesses, including multinationals, domestic food groups and some financial interests. In spite of criticism of some conditions attached to the sales, a senior IRI executive stressed all the terms were negotiable apart from the need to maintain jobs and not alter workers' contracts.

IRI executives say the disposals will go ahead on schedule, in spite of the lengthy occupation of SME's Naples headquarters by a small group of dissident workers.

The sit-in has prevented access to the building, which houses computer information needed to draw up the group's 1992 results.

"The general climate in Naples is extremely delicate at present," said an SME executive.

"It is not yet critical for us to remove them, and we do not want to create unnecessary tensions in the city."

Over the weekend it was revealed that secret negotiations had taken place between workers and management. However, the outcome is not yet clear.

IRI has accelerated plans to sell other parts of SME, which also operates in food retailing and catering. Next month, it will sound out potential investors to take minority stakes in the two businesses, which will be kept together as one unit.

# US bank links with EBRD in Romania

By Virginia Marsh in Bucharest

WASSERSTEIN Perella, the US investment bank, and the European Bank for Reconstruction and Development (EBRD) will set up an investment bank and fund with two state-owned Romanian banks.

Capital SA, a Romanian joint venture, has been set up with the Romanian Development Bank and the Bank for Foreign Trade, according to the Romanian Development Agency. The proposed capital is $19m, with $7m earmarked for the bank and $12m for the investment fund. Wasserstein Perella is expected to take 30 per cent and Asset Management, a US fund management group, 11 per cent.

Final shareholdings will not be agreed until the International Finance Corporation, the World Bank's private sector investment arm, has decided on a 10 per cent stake.

The EBRD has recently agreed to take 20 per cent of Ion Tiriac Bank, a private bank, and 25 per cent of a bank to be set up by Alpha Finance, the merchant banking arm of Credit Bank of Greece.

# Harlequin sells novel romance to TV group

By Bernard Simon in Toronto

SOAP operas, move over. Mills & Boon and Harlequin romances are coming to television.

Harlequin Enterprises of Toronto, the romance-fiction publisher, has sold the international TV and video rights to its 16,000 titles to Alliance Communications, one of Canada's largest film and television production and distribution houses.

Alliance will initially adapt a package of six Harlequin titles for television at a cost of C$18m (US$14.2m). They will be available by summer 1994. The plan is eventually to offer licensees a package of 26 films.

CBS, the US television network, has bought broadcast rights in the US, and has made an undisclosed financial contribution towards the screenplay adaptations. Alliance officials will be at an international TV convention in Cannes next week in the hope of signing up broadcasters in other parts of the world.

Harlequin will market the films in home-video form through the extensive direct-mail network it uses to sell many of its books.

Several earlier attempts to adapt Harlequin books to the screen have foundered. But Mr Robert Lantos, Alliance chairman, said that the latest venture targeted "a huge untapped audience with an unbeatable brand-name product".

Harlequin sells more than 200m books a year in 26 languages, with 62 new titles appearing each month. Its fastest growing markets include Japan – where 14m books were sold last year – and parts of eastern Europe.

The company is owned by Torstar, which publishes the Toronto Star, Canada's biggest daily newspaper. Torstar's book division, consisting mainly of Harlequin, posted record profits of C$61.8m in 1992 on sales of C$418m.

# Alcoa suffers as sales and metal prices weaken

By Laurie Morse in Chicago

ALUMINUM Company of America (Alcoa), the world's largest aluminium producer, was hit by low ingot prices and competition in the metal's sheet market in the first quarter of 1993.

Net profits for the three months fell by 50 per cent to $27.6m, or 31 cents a share, down from $55.1m, or 64 cents, a year earlier.

Sales fell 7 per cent to $2.1bn from $2.3bn.

The net figure included $4.8m, or 6 cents a share, in foreign exchange profits following the devaluation of the Surinam guilder. The comparable figure included profits of $8m, or 10 cents a share, on the sale of investments in Venezuela.

# US broker to generate $3bn in new securities

By Patrick Harverson in New York

DEAN Witter, Discover, the US securities brokerage and credit card company, plans to raise up to $3bn by issuing new securities.

The money will be used to reduce debt, lift working capital and provide funds for general corporate purposes.

The plans were revealed last week when Dean Witter filed for a shelf offering of up to $3bn in debt securities with the Securities and Exchange Commission. A shelf registration allows a company to issue up to the certified amount of securities over a two-year period.

Dean Witter shares, which were floated at $27, are trading at slightly above $36.

# Sulzer jumps to SFr168m

By Ian Rodger

SULZER, the Swiss engineering group, has unveiled a 58 per cent jump in net profits to SFr168m ($112m) for 1992, more than making up for the 23 per cent fall in 1991.

The directors are proposing that the dividend, which was cut to SFr13 per share last year, from SFr15, be raised to SFr18. Consolidated sales rose 5 per cent to SFr6.8bn. The group said the profit increase was due mainly to a sharp improvement in operating income to SFr250m from a restated SFr183m.

It said 1993 accounts were prepared in accordance with international accounting standards and last year's figures have been adjusted.

## INTERNATIONAL CAPITAL MARKETS

UK GILTS

# Indications of upturn reignite inflation fears

AFTER the run of indications that the UK economy may be picking up, gilt specialists are highlighting May 18 as a day of possible fireworks.

The publication of the Bank of England's next quarterly report on inflation is expected to reopen the discussion as to how much extra upward pressure on prices may be expected over the next year.

Also of interest will be any behind-the-scenes disagreements between the Bank and the Treasury as how best to describe the likely paths for inflation.

In recent weeks gilt yields have dropped on the lack of any indications that a rise in inflation is around the corner. The trend continued last week, with buying pressure for the bonds helped partly by news of a four basis point cut in Bundesbank repo rates to 8.13 per cent.

Last week produced more evidence that UK consumers may be increasing their demand for credit after the low level of borrowing last year.

The increase in borrowing through finance houses, building societies and certain bank credit cards in the three months to the end of February totalled a seasonally adjusted £305m, well above the £64m in the previous three months.

The announcement that new car sales rose in March by a year-on-year 12.7 per cent, and that house prices rose 1.2 per cent last month to show their biggest monthly increase for four years, added to the expectations that growth may be returning to the UK.

For the time being, such indications are being welcomed in the gilt market on the grounds that a return to growth after the recession which started nearly three years ago will constrain any further rises in the fiscal deficit which is expected to be around £50bn this financial year.

However, clear signs of an upturn will also reignite worries about inflation.

Many gilt specialists believe that underlying inflation over the next 12 months will breach the government's 4 per cent upper limit. This measure of inflation – the year-on-year changes in the retail prices index, less mortgage costs – was 3.4 per cent in the year to February.

The figure for the year to March is being announced on Friday, while the latest numbers for the price changes of manufactured goods at the wholesale level – another good indicator of inflationary pressures – are coming out today.

In its first inflation report in February, the Bank set a possibly fateful precedent by publishing an explicit forecast of underlying inflation.

While the Bank made clear there was a large possible margin of error, its central forecast for inflation at the end of 1994 is a year-on-year 3.5 per cent.

The Bank hedged its bets by saying the range could be between 1 per cent and 6 per cent. The last published Treasury projection, made in the March Budget, is that underlying inflation would be 3.75 per cent in the second quarter of 1994.

In the past, the Bank has refused to publish any of its internal forecasts. That has been mainly on the grounds that publication of Bank forecasts might open divisions with the Treasury – which has often been sensitive to the Bank coming out with views on the economy which differ from its own.

Even though the details of Bank forecasts have been hidden from outsiders, the Bank has periodically patted itself on the back by saying its projections in recent years have been a lot more accurate than rivals both inside and outside the government.

The Bank has now decided – at least for inflation – to put its forecasting reputation on the line.

In the light of the apparent stirrings of economic activity, Bank economists are considering the range of possibilities which could lead to inflation overshooting the 4 per cent limit.

If the Bank does feel impelled to publish next month a forecast of inflation above this level, there is a high possibility of a fracas with the Treasury.

However, the Bank's game plan cannot be faulted. It seems determined to bring out into the open any disagreements about inflation possibilities between its own officials and the Treasury.

In this way, a more sensible and informed discussion may take place as how best to keep price pressures low in the longer term and so improve on the UK's dismal inflation performance in recent years.

**Peter Marsh**

EUROPEAN GOVERNMENT BONDS

# Spanish poll may renew ERM tensions

TWO events have helped to ease tensions in the European exchange rate mechanism recently – the gradual lowering of German interest rates, and the centre-right election victory in France.

However, yesterday's news of an early general election in Spain could lead to another bout of speculation against the peseta and renewed tension within the ERM.

The European government bond markets expect the Bundesbank to continue easing, albeit in rather small steps in the near term, and as German interest rates fall this should pave the way for other European central banks.

Although there was some disappointment that the Bundesbank cut only its discount rate – to 7.5 per cent – on March 18, and not its Lombard rate as well, the bund market has since witnessed a very gradual easing in short-term interest rates.

The rate at the Bundesbank's repo tender was lowered from 8.25 per cent to 8.17 per cent at the beginning of April, and by a further 4 basis points to 8.13 per cent last week.

While the bund market would much prefer to see bigger and bolder cuts in interest rates, statements from the Bundesbank suggest that the market may have to remain content with a "slowly, slowly" approach for the time being at least.

The other piece of good news for the European bonds markets was the French election result. The landslide victory for the centre-right parties in the elections and the subsequent appointment of Mr Edouard Balladur as prime minister has provided considerable support for the franc. Already, short-term interest rates have started to decline, and further falls are expected possibly as early as this week.

**Economists say there are a couple of hurdles which must be overcome in the short term**

While the background for the European bond markets looks good, economists point out that there are a couple of hurdles which must be overcome in the short term.

One danger is the Danish referendum on the Maastricht treaty which takes place on May 18 and which, given the Danish rejection last June, will provide an important focus for the European markets in the next few weeks.

"Although the opinion polls are currently suggesting that a comfortable majority will vote in favour of monetary union, there is likely to be a degree of nervousness ahead of the vote given the surprise outcome of last June's referendum," says Mr Nigel Rendell, bond analyst at James Capel.

The other "trouble-spot" as far as the bond markets are concerned is Spain. Last week, the Spanish bond market focused on threats by Prime Minister Gonzalez to resign as leader of the Socialist Party over an alleged funding scandal.

Mr Julian Jessop, economist at Midland Global Markets Research, pointed out last week that in the event of an election being called in June, "the peseta would probably not be able to survive in the interim without devaluing. The whole ERM could come under new strains with the Portuguese escudo sure to follow the peseta down."

However, taking the most optimistic scenario – in which Denmark votes in favour of monetary union, and the peseta remains within the ERM – bond analysts expect the main talking point in the European markets to be interest rate convergence.

Mr Rendell points out that "the depth and duration of the current recession is likely to lead to further declines in inflation and substantial cuts in short-term interest rates. This should more than offset the potential negative impact of extra bond issuance as a result of deteriorating budget deficits throughout Europe".

Yields on French government bonds have already narrowed considerably compared with those on German bonds. The 10-year yield spread has fallen from above 100 basis points to 60 basis points recently, and could fall to as low as 30 basis points by next spring.

**Sara Webb**

US MONEY AND CREDIT

# Fixed-income investors pleased by producer prices

JUST when it looked as if the US bond market rally had run out of steam, recently-retreating Treasury prices have turned smartly on their heels and are heading back upwards.

It was bad inflation news which sparked the March sell-off that pushed bond yields up through 7 per cent so it was no surprise that it was good inflation news which prompted the market's unexpected recovery, and helped bring bond yields down to 6.85 per cent – their lowest in several weeks.

The good news came in the form of the producer prices index, which rose 0.4 per cent in March. That figure might have unsettled the market, but for the bulk of the rise being a temporary blip in energy prices. What pleased fixed-income investors was the news that core producer price inflation (PPI) – the index minus its volatile food and energy components – rose by only 0.1 per cent last month.

The PPI numbers pushed the 30-year bond up by more than a full point, and immediately raised hopes that the March consumer prices index (CPI) would be equally positive. The CPI figures proved equally bullish for the market, showing a modest 0.1 per cent increase for the month.

Both sets of data came as welcome news after a difficult March, in which inflation jitters had pushed yields higher and threatened to end the bond market rally that had dated back to before President Clinton's inauguration.

**Bond prices continued to rally yesterday morning on hopes of low inflation, with the benchmark 30-year government issue jumping almost another full point to 104%, pushing the yield down to 6.78 per cent. Investors rushed to buy bonds in response to the announcement on Friday, when markets were closed, that consumer prices rose 0.1 per cent in March**

Yet a brighter inflation outlook is not the only buttress providing support for bond prices. There are other factors.

Treasury investors were delighted by the success of Senate Republicans to force President Clinton to compromise on his economic stimulus package. Although lacking the votes to defeat the measures, the Republicans mounted highly effective filibusters to delay the bill.

The bond market hopes that pressure from fiscally conservative Congressional opponents will force the White House into scaling down the size of its stimulus package. Such an outcome could limit the inflationary consequences the package might have – if and when it passes through the legislature and finally begins to impact upon the economy.

There has been a technical dimension to the rebound. Last week, reports from two respected bond authorities, Goldman Sachs and Stone & McCarthy Research Associates, addressed the issue of whether the Treasury was planning to change the way the government borrows money.

The Goldman report said the Treasury would probably halve the number of 30-year bond issues a year from four to two, and make up the difference by issuing more bills.

The McCarthy report went further, and said that a Treasury study had recommended a 50 per cent reduction in the long bond, the elimination of the seven-year note altogether, and a 20 per cent cut in the size of the monthly five-year note issue. The reductions would be offset by increased issues of bills.

Of the two reports, only McCarthy's claimed to be based on inside sources, but even so, both moved the market, lifting bond prices in anticipation of some cut in future supply. Yet, Mr Lloyd Bentsen, the Treasury secretary, has consistently denied that there were plans to make changes to the borrowing mix, and no announcement of any move is likely until May at the earliest

**Patrick Harverson**

## FT/ISMA INTERNATIONAL BOND SERVICE

| U.S. DOLLAR STRAIGHT | Issued | Bid price | Chg on week | Yield |
|---|---|---|---|---|
| ABB INTL FIN 8 3/8 96 | 200 | 103⅞ | [illegible] | 4.89 |
| ABN 9 1/8 94 | 200 | 108 | | 4.20 |
| AETNA LIFE & CAS 7 3/4 16 | 200 | 101 | [illegible] | 7.65 |
| ALBERTA PROVINCE 8 5/8 96 | 780 | 110 | [illegible] | 5.32 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 110 | [illegible] | 4.73 |
| AMERICAN EXPRESS 0 00 | 490 | 58 | [illegible] | 7.23 |
| AMERICAN GENERAL 9 3/4 96 | 100 | 109 | [illegible] | 4.94 |
| AMERICAN INTL 0 04 | 750 | 45 | [illegible] | 7.21 |
| AMOCO CANADA 7 1/4 02 | 250 | 104 | [illegible] | 6.62 |
| ASFINAG 7 3/8 02 | 200 | 106 | [illegible] | 6.43 |
| ASIAN DEV BANK 0 04 | 1000 | 45 | [illegible] | 7.08 |
| ASIAN DEV BANK 8 96 | 100 | 108 | [illegible] | 5.34 |
| AUSTRALIA 11 95 | 250 | 112 | [illegible] | 4.78 |
| AUSTRIA 7 3/4 97 | 200 | 108 | [illegible] | 6.22 |
| AUSTRIA 8 1/2 00 | 400 | 113 | [illegible] | 6.05 |
| AUSTRIA 9 1/4 96 | 100 | 112 | [illegible] | 5.05 |
| BANK OF TOKYO 8 3/8 96 | 100 | 108 | [illegible] | 5.35 |
| BANQUE PARIBAS 7 1/2 95 | 100 | 105 | [illegible] | 4.35 |
| BARCLAYS JERSEY 10 5/8 95 | 250 | 113 | [illegible] | 4.88 |
| BASF FIN EUROPE 7 98 | 200 | 103 | [illegible] | 6.25 |
| BAYER USA 9 1/4 96 | 100 | 108 | [illegible] | 5.46 |
| BELGIUM 8 97 | 300 | 109 | [illegible] | 5.30 |
| BELGIUM 8 3/4 98 | 400 | 113 | [illegible] | 5.70 |
| BELGIUM 9.2 10 | 500 | 118 | [illegible] | 7.31 |
| BELGIUM 9 5/8 98 | 250 | 117 | [illegible] | 5.77 |
| BFCE 7 3/4 97 | 150 | 108 | [illegible] | 5.32 |
| BFCE 9 1/4 95 | 150 | 111 | [illegible] | 4.68 |
| BMW LEASING 7 3/8 95 | 200 | 106 | [illegible] | 4.48 |
| BNP 8 5/8 94 | 350 | 105 | [illegible] | 4.13 |
| BOOTS 8 97 | 175 | 110 | [illegible] | 5.74 |
| BP AMERICA 9 3/4 99 | 250 | 116 | [illegible] | 6.82 |
| BPCA FINANCE 8 3/8 96 | 150 | 108 | [illegible] | 6.00 |
| [illegible] 7 3/4 02 | 600 | 107 | [illegible] | 6.59 |
| BRITISH GAS 0 21 | 1500 | 10 | [illegible] | 8.25 |
| BRITISH TELECOM FIN 8 3/4 99 | 200 | 113 | [illegible] | 6.15 |
| BRITISH TELECOM FIN 9 3/8 98 | 250 | 116 | [illegible] | 5.92 |
| CAISSE NAT ENERGIE 11 3/4 95 | 125 | 112 | [illegible] | 4.34 |
| CANADA 9 95 | 1000 | 111 | [illegible] | 4.73 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| PROCTER & GAMBLE 9 1/2 98 | 200 | 115 | [illegible] | 5.84 |
| PRUDENTIAL FIN 8 1/4 01 | 300 | 108 | [illegible] | 6.97 |
| PRUDENTIAL RLTY SECS 0 99 | 365.215 | 70 | [illegible] | 6.34 |
| QUEBEC HYDRO 9 01 | 300 | 112 | [illegible] | 6.89 |
| QUEBEC HYDRO 9 3/4 98 | 150 | 115 | [illegible] | 6.30 |
| QUEBEC PROV 9 98 | 200 | 111 | [illegible] | 6.17 |
| QUEENSLAND GOVT 10 1/4 95 | 100 | 111 | [illegible] | 4.87 |
| RALSTON PURINA 11 3/4 95 | 150 | 111 | [illegible] | 5.50 |
| REED PUBLISHING 8 5/8 97 | 150 | 113 | [illegible] | 6.05 |
| SAINSBURY 9 1/8 96 | 150 | 111 | [illegible] | 5.51 |
| SAS 10 99 | 200 | 111 | [illegible] | 7.45 |
| SAS 10 1/8 95 | 150 | 109 | [illegible] | 5.99 |
| SBAB 9 1/2 95 | 500 | 108 | [illegible] | 4.72 |
| SBC FINANCE 7 3/4 96 | 200 | 108 | [illegible] | 5.13 |
| SEARS EURO TRUST 8 3/4 96 | 750 | 108 | [illegible] | 5.48 |

| U.S. DOLLAR STRAIGHT (continued) | Issued | Bid price | Chg on week | Yield |
|---|---|---|---|---|
| SEARS O/S FIN ZERO 98 | 500 | 68 | [illegible] | 7.20 |
| SEARS ROEBUCK EURO 9 3/4 95 | 500 | 108 | [illegible] | 5.14 |
| [illegible] 7 3/8 97 | 500 | 103 | | 6.45 |
| SNCF 9 1/2 98 | 150 | 116 | | 5.75 |
| SPAIN 6 1/2 99 | 1500 | 102 | [illegible] | 6.08 |
| [illegible] 8 1/2 96 | 200 | 108 | [illegible] | 5.42 |
| SWEDEN 5 1/2 95 | 2000 | 102 | [illegible] | 4.67 |
| SWEDEN 6 1/2 03 | 2000 | 99 | [illegible] | 6.62 |
| SWEDEN 8 1/4 96 | 350 | 114 | [illegible] | 5.72 |
| SWEDISH EXPORT 8 3/8 96 | 700 | 109 | [illegible] | 5.05 |
| THYSSEN FINANCE 7 1/2 99 | 200 | 104 | [illegible] | 6.64 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| DEUTSCHE FINANCE 7 1/2 97 | [illegible] | [illegible] | [illegible] | [illegible] |
| ECSC 8 3/8 96 | 1000 | 101 | [illegible] | 6.49 |
| EEC 8 1/2 00 | 700 | 106 | [illegible] | 6.61 |
| [illegible] 7 1/2 98 | 2800 | 100 | [illegible] | 6.41 |
| FINLAND 7 1/2 00 | 400 | 104 | [illegible] | 6.69 |
| IRELAND 7 3/4 02 | 3000 | 102 | [illegible] | 7.06 |
| ITALY 7 1/4 98 | 500 | 104 | [illegible] | 7.09 |
| [illegible] FINANCE 7 1/4 97 | 5000 | 101 | [illegible] | 6.96 |
| SPAIN 7 1/4 03 | 1500 | 103 | [illegible] | 6.36 |
| SWEDEN 8 97 | 4000 | 102 | [illegible] | 6.93 |
| TOKYO ELEC POWER 7 5/8 02 | 2500 | 105 | [illegible] | 6.65 |
| UNITED KINGDOM 7 1/8 97 | 1000 | 104 | [illegible] | 6.90 |
| VOLKSWAGEN COM 8 5/8 97 | 5000 | 103 | [illegible] | 8.27 |
| WORLD BANK 0 15 | 400 | 106 | [illegible] | 6.96 |
| WORLD BANK 5 3/4 98 | 2000 | 23 | | 8.61 |
| WORLD BANK 8 3/4 98 | 300 | 99 | | 5.89 |
| [illegible] | 1250 | 112 | [illegible] | 8.56 |

| SWISS FRANC STRAIGHTS | Issued | Bid price | Chg on week | Yield |
|---|---|---|---|---|
| ASIAN DEV BANK 6 10 | 100 | 105 | [illegible] | 5.54 |
| COUNCIL EUROPE 4 3/4 98 | 250 | 100 | | 4.63 |
| EIB 6 3/4 04 | 300 | 110 | | 5.56 |
| ELEC DE FRANCE 7 1/4 06 | 100 | 112 | +1 | 5.88 |
| FINLAND 7 1/4 99 | 300 | 109 | [illegible] | 5.47 |
| GENERAL MOTORS 7 1/2 95 | 100 | 102 | [illegible] | 6.06 |
| HYUNDAI MOTOR FIN 8 1/2 97 | 100 | 106 | | 6.73 |
| ICELAND 7 5/8 00 | 100 | 111 | | 5.73 |
| KOBE 6 3/8 01 | 240 | 108 | +1 | 4.98 |
| NEW ZEALAND 4 7/8 99 | 200 | 99 | [illegible] | 5.02 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| EQUITY WARRANTS | Date | Bid price | Chg on week | Prem |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ASAHI GLASS | 25/06/98 | 18 | +4 | 20.52 |
| CANON | 24/05/95 | 14 | +4 | 15.52 |
| DOWA MINING | 18/03/97 | 19 | [illegible] | |
| HANKYU DEPT STORES | 14/03/96 | 8 | [illegible] | 40.34 |
| HINO MOTORS | 06/07/94 | 1 | [illegible] | 52.74 |
| KOBE STEEL | 12/06/96 | 3 | +1 | 53.62 |
| MITSUI TOATSU CHEM | 30/01/98 | 4 | +2 | |
| MORINAGA | 13/06/95 | 12 | +5 | 20.52 |
| NICHIREI CORP | 11/06/98 | 15 | [illegible] | 26.33 |
| NIPPON COMSYS | 31/01/95 | 19 | +2 | 15.05 |
| NISSHIN STEEL | 16/04/96 | 2 | +1 | 96.59 |
| OKURA | 30/01/96 | 4 | +1 | 45.03 |
| ROYAL HOTEL | 14/03/95 | [illegible] | [illegible] | |
| SMC | 26/07/95 | 3 | +1 | 78.42 |
| TAKASHIMAYA | 02/07/96 | 7 | [illegible] | 32.61 |
| TOYO SASH | 05/08/97 | 4 | [illegible] | 94.12 |

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn=current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

Closing prices on April 8

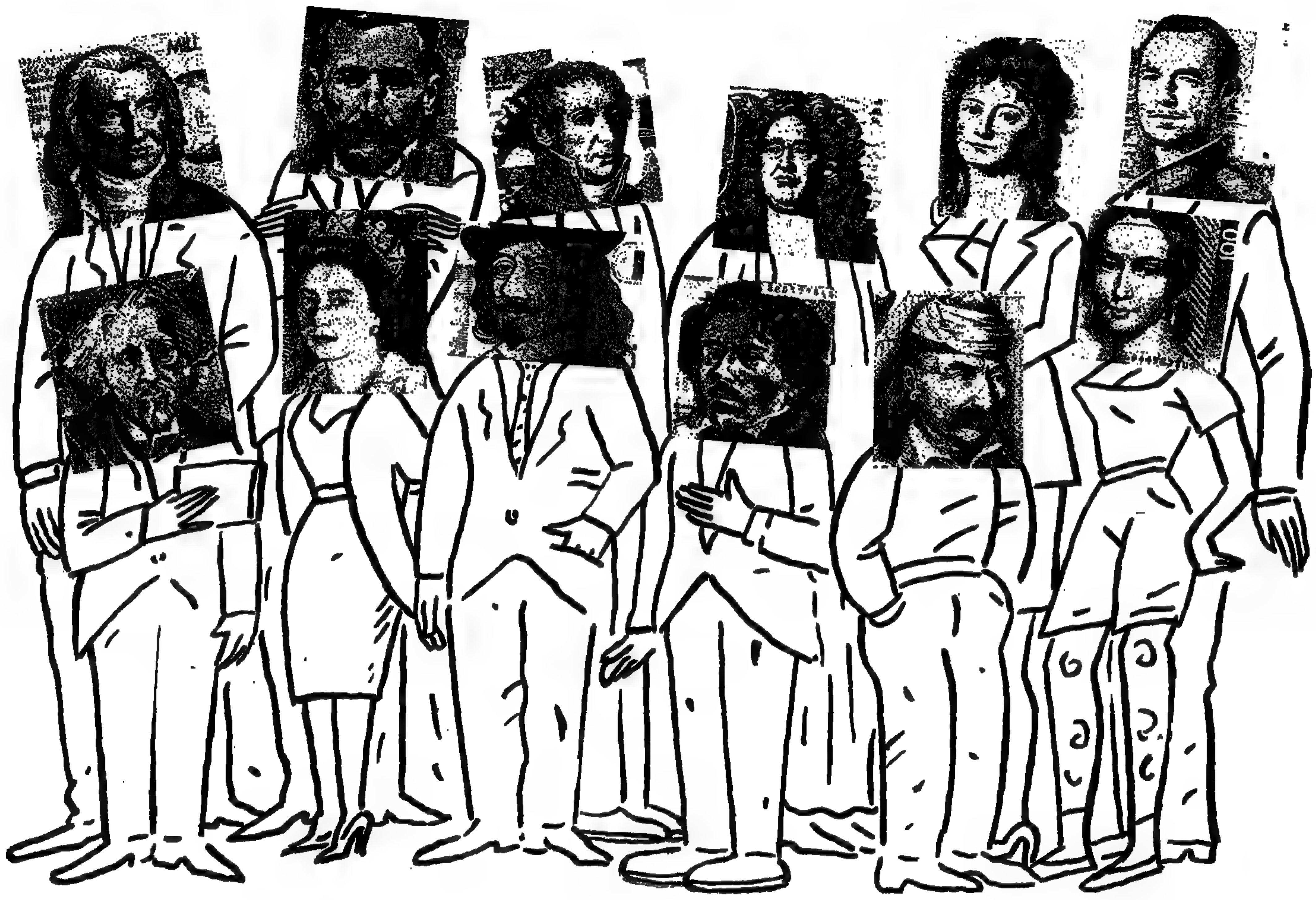




هكذا من الأصل

هكذا من الأجيل

# Can you spot the typical European?



The concept of a "typical European" – an abstract man-in-the-street sometimes used as a basis for corporate strategic planning – is rooted in a misunderstanding.

**Even within the Common Market, Europeans, aren't all alike.**

Indeed, the closer you look at the New Europe, the more clearly its complexities stand out.

This is due not only to obvious historic, linguistic, cultural and economic causes. It also reflects a tendency towards greater structural differentiation.

This trend will no doubt intensify in view of the desire by six EFTA countries to join the EC and given recent moves towards closer cooperation within the framework of a European Economic Area (EEA).

And ultimately, the success of economic reform in Central and Eastern Europe will also have a substantial impact.

Among other things, the more liberal environment in the future could lead to a merger of national economic centers into larger, regional markets, without regard to internal political boundaries.

Markets for goods and services will change, and there will be an increase in the international division of labor. And of course, competiton will heat up.

Dynamic companies wishing to consolidate or expand their positions in the New Europe will be dealing not only with one of the most interesting of the world's regions, but also with one of its most complex marketplaces.

That is why Dresdner Bank gives such high priority to helping customers succeed in the Europe of the future. True to this ongoing commitment is our specialized international banking subsidiary in Luxembourg – Europa Bank – who can help you obtain subsidies under regional, national or EC support programs.

In the final analysis, the expertise and commitment of our employees are the keys to ensuring that our customers derive maximum benefit from Dresdner Bank's worldwide network, vast experience and ability to respond quickly and flexibly to rapidly changing situations.

**New for 1993 – a borderless, yet highly complex marketplace.**

Although we do not underestimate the challenges posed by the New Europe, we face the future with optimism and confidence.

After all, we're based in the center of Europe. And that gives us a home team advantage.

Dresdner Bank

INTERNATIONAL BONDS

# Barclays gives upper tier two a twist

THE market for perpetual subordinated debt of banks – known in regulatory parlance as upper tier two capital – was given its latest twist last week with a £200m issue from Barclays Bank.

However, although the paper is reported to have gone down well with investors, there was little sign that other banks would rush to follow suit.

Upper tier two debt remains a difficult and expensive form of regulatory capital for banks to raise. There has been no ready market for such paper since the market for perpetual floating rate notes collapsed in the late 1980s.

Japanese companies became big buyers of floating rate paper with step-up coupons after that, buying more than $3bn of privately-placed paper from mainly Scandinavian, US and Italian banks. That private market also dried up some two years ago.

Yet, under Bank for International Settlement guidelines, banks' need for upper tier two debt continues unabated.

Lower tier two capital – dated subordinated paper, for which there is no lack of investors, though at a price – cannot exceed upper tier two for regulatory purposes. The two together cannot exceed tier one capital (effectively equity capital and retained earnings).

The US domestic market remains one source of such capital. Australia and New Zealand Banking, for example, last month went to this market for undated debt, with a call after five years, although no step-up on the coupon, which would have increased the chances of the call being used.

However, while dollar-denominated assets are an important component of any internationally-active bank's balance sheet, non-US banks need to limit their dollar-denominated capital otherwise the all-important capital/asset ratio becomes vulnerable to foreign exchange adjustments.

UK financial institutions have been able to tap a growing sterling market for undated capital, due in part to the growing involvement in recent months of retail investors looking for higher returns as interest rates have fallen.

According to Salomon Brothers, which has been involved in more than a dozen such issues, there have been 25 in all, including last week's from Barclays, raising over £2bn.

Around a third of this has come in a dozen issues of permanent interest bearing shares for building societies since June 1991, with the rest from banks and insurance companies mainly in the form of irredeemable preference shares.

Within the past six months, both Barclays and National Westminster have now each raised £200m through undated issues with extra twists to hold down their cost of capital.

NatWest's issue last November was of undated notes convertible into preference shares – which count as tier one capital.

The yield-spread on the paper, at 235 basis points over long-dated gilts, tightened after the launch to around 180 basis points.

However, the notes have suffered in line with the preference share market since last month's Budget changes to advance corporation tax, and the yield spread has moved out again to some 210 basis points.

Barclays last week offered a yield premium well below this – 140 basis points over gilts for the first 15 years, rising to 240 basis points over five-year gilts after that.

The bank retains a call option after 15 years.

There is little in the capital markets that is genuinely new, just endless reworkings of tried and tested formulae, and so it was with the Barclays capital-raising exercise. However, in a sterling debt market which has seen few long-dated issues from well-regarded credits offering a substantial yield pick-up over gilts, the paper met a good reception from the market.

Most seemed willing to view the debt as 15-year paper, on the assumption that Barclays would need to deteriorate rapidly as a credit to make it want to extend the debt's life beyond the first call.

On that basis, the yield pick-up was generally reckoned to be some 50 basis points over what investors could have expected on dated subordinated paper from the same issuer, or 80 basis points over Barclays senior debt.

That was widely seen as an adequate premium for the risk that the debt would not be called.

Compared with other undated paper, though, the bonds were seen as expensive for investors – although the Barclays name is likely to guarantee them a place in many fixed income fund managers' portfolios.

Liquidity risk, rather than credit risk, could prove the most dangerous aspect of this and other undated issues, as investors with experience of perpetual floating rate notes will be well aware.

"In 15 years' time, it is quite possible that banks won't be able to do perpetuals," says one investment banker with experience of this market. "If it isn't called, then look out: it means that there isn't a market there anymore."

The involvement of retail investors could accentuate that risk. According to Salomon, up to a quarter of the outstanding undated paper is held by such investors, whose purchases have often led to a tightening of yield spreads in the period after an issue is launched. Once retail investors become net sellers, then that process will go into share reversal.

**Richard Waters**

# HK tightens lending rules for new issue applicants

By Simon Davies in Hong Kong

THE Hong Kong government is to tighten rules on bank lending to applicants for stock market new issues following concern over the HK$240bn (US$31.2bn) over-subscription of Denway, the Chinese car manufacturer floated on the colony's exchange in February.

The group's shares were 657 times subscribed, absorbing four times the amount of money in circulation in Hong Kong. There are nine Chinese state companies due to be floated in the colony this year, and public interest is expected to be similarly voracious.

Under current arrangements clients can get 100 per cent funding for subscription, encouraging them to apply for far more shares than they would expect to be allocated. This cash is then immobilised for one week before excess application money is returned.

The latest guidelines limit a bank's new issue subscription loans to 25 per cent of its capital base, and recommend a margin requirement of 10 per cent against the loans.

It is expected that brokerages will pass on this margin call to clients, thereby cooling some of their speculative fervour.

RISK AND REWARD

# Investment managers are tempted by some exotic options

WHILE corporate treasurers are users of interest rate and currency derivatives, fund managers are just starting to dabble in over-the-counter equity options. However, this potentially vast market has attracted the advances of investment bankers. They are designing increasingly complex options, known as exotic options, to win over investment managers.

Equity fund managers, however, remain reluctant to use derivatives, except for the purpose of asset allocation. One of their main objections is cost. Specially designed equity options remain expensive, partly because they are still part of a small and immature market and are difficult to hedge. To counter these objections, some investment banks are offering options which, if not cheaper, do not require such heavy upfront premiums.

The concept of knock-in and knock-out options, developed in the currency derivatives market, has been applied in the equities market. A fund manager buys a knock-out option if he wants to take a view that the market is going up, but is prepared to lose the option if the market falls below a certain level. Because the option is destroyed if the index falls below that level, the option costs less.

A knock-in option works in a similar way. If the investor has bought a call at, say, 3,000 on the FT-SE 100 index, the option does not knock in – that is, cannot be exercised – until the index reaches, say, 3,500.

Another structure being offered to investors is the contingent or trigger option, where the option is triggered by something other than the underlying asset of the option.

A contingent option may offer a call on the market at 2,000, but it is only valid if interest rates are below 7 per cent. The writer of such an option – that is, the investment bank – has to assume a correlation between, in this case, interest rates and stock prices. While this correlation does exist, it is much more difficult to hedge such exposure.

Investors have been offered so-called correlation or performance options, which give the best-performing of two assets or asset-classes. For example, an investor who is not sure whether to buy Glaxo or Wellcome could buy a correlation option which would give the stronger of the two shares.

The concept can be applied to sectors. For example, the better performer of the pharmaceuticals or construction sectors, or indices, or different asset classes.

Such performance options have been used mainly for expressing broader investment views, as a form of asset allocation.

Although UK fund managers are still reluctant to use some of these more complex products, the growing sophistication of OTC equity products is being reflected in the more complex products, using embedded derivatives, now available to UK retail investors. For example, some recent guaranteed return bonds offered to UK retail investors have incorporated lock-in or ladder options.

A recent Save & Proser Guaranteed Equity bond, which offered the bulk of the rise of the FT-SE 100 index over five years, or return of the original capital, allowed investors to choose between 98 per cent of the rise of the index, or 90 per cent of the rise, with lock-in facilities when the market rises 20 per cent and 40 per cent. A guaranteed product from Northern Rock offered the rise in the FT-SE over five years, or 15 per cent gross, with a 50 per cent index rise locked in.

Typically, the hedging of the embedded derivatives is done by an investment bank, rather than the building society or insurance company which markets the retail product. Most investment banks continue to invest heavily in equity derivatives business, keen to win a share of the lucrative market which they expect to develop in the course of the decade.

"The majority of business being done in the equity derivatives market is still plain-vanilla options, to suit a particular client's needs," said one head of derivatives at an investment bank. "But that business is growing quite slowly."

Fund managers remain reluctant to become more active in equity derivatives, partly because they are cynical about the benefits in relation to the costs, and partly because they may be nervous of using more complex instruments.

**Tracy Corrigan**

## NEW INTERNATIONAL BOND ISSUES

| Borrowers | Amount m | Maturity | Av. life years | Coupon % | Price | Book runner | Offer yield % |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| Bayerische Landesbank(b)‡ | 150 | May.2003 | 10 | (b) | 99.75 | UBS | - |
| Banco Brasag# | 50 | Oct.1995 | 2.5 | 10.5 | 97.55 | West Merchant Bank | 11.658 |
| Sanwa Australia Finance(c)‡ | 50 | Apr.2003 | 10 | (c) | 100 | Sanwa International | - |
| Yamanouchi Pharmaceut.(e)φ | 200 | Apr.1997 | 4 | 1.5 | 100 | Nikko Europe | - |
| Aquarius Plus(Cayman)(m)‡ | 100 | Dec.2000 | 7.64 | (m) | 100 | Citibank International | - |
| Province of Quebec(p)‡ | 50 | Apr.2003 | 9.98 | (p) | 100 | Deutsche Bank London | - |
| Third Mexican Accept.Crp.(q)# | 50 | Mar.1998 | 4.98 | 7.37 | 100 | Kidder, Peabody Intl. | - |
| Third Mexican Accept.Crp.(r)# | 25 | Mar.1998 | 4.98 | 10.50 | 100 | Kidder, Peabody Intl. | - |
| **YEN** | | | | | | | |
| Tostem Corp.(d)‡ | 10bn | Jul.1997 | 4.27 | (d) | 101.325 | Sakura Finance Intl. | - |
| Yamanouchi Pharma.(e,f)§# | 30bn | Mar.2000 | 6.93 | (f) | 100 | Nomura International | - |
| Toray Industries(n)‡ | 10bn | Jul.1997 | 4.27 | (n) | 100 | Sakura Finance Intl. | - |
| **D-MARKS** | | | | | | | |
| Apasco(g) | 80 | Apr.1998 | 5 | 9.25 | 100 | Dresdner Bank | 9.250 |
| **FRENCH FRANCS** | | | | | | | |
| Solvay | 1bn | Apr.1998 | 5 | 7.5 | 101.375 | CCF | 7.580 |
| SNCF(h) | 2bn | Apr.2008 | 15 | 7.5 | 98.3 | CCF | 7.685 |
| Alcatel Alsthom | 2bn | May.1998 | 5 | 7.25 | 99.93 | Société Générale | 7.267 |
| Caisses D'Epargne(i)‡ | 1.5bn | Jun.2003 | 10 | (i) | 100 | Banque Paribas | - |
| **STERLING** | | | | | | | |
| Woolwich Building Society | 150 | Apr.1996 | 3 | 7 | 100.525 | UBS | 6.801 |
| SmithKline Beecham Capital(j) | 100 | Nov.1998 | 5.58 | 8.125 | 102.787 | Samuel Montagu & Co. | 7.479 |
| Barclays Bank(o) | 200 | (o) | (o) | 9.875 | 100.856 | Barclays de Zoete Wedd | - |
| Leeds Permanent BS | 100 | May.1998 | 5 | 7.375 | 100.666 | Samuel Montagu & Co. | 7.212 |

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Book runner | Offer yield % |
|---|---|---|---|---|---|---|---|
| **ITALIAN LIRA** | | | | | | | |
| Crédit Local de France | 150bn | May.1998 | 5 | 11.3 | 101.75 | San Paolo, Turin | 10.829 |
| **ECUS** | | | | | | | |
| European Investment Bank(k) | 150 | Mar.2000 | 6.9 | 7.75 | 101.14 | Barclays de Zoete Wedd | 7.527 |
| **FINNISH MARKKA** | | | | | | | |
| Marubeni Intl.Finance | 255 | Apr.1994 | 1 | 8.5 | 100 | LTCB International | 8.499 |
| NYK International | 154 | APr.1994 | 1 | 8.6 | 100 | LTCB International | 8.599 |
| **SWISS FRANCS** | | | | | | | |
| Sanyo Electric Railway(a)*φ | 70 | Apr.1997 | 4 | 0.875 | 100 | Nomura Bank (Switz.) | - |
| Republic of Finland* | 200 | May.1998 | 5 | 5 | 102.125 | UBS | 4.516 |
| Audasa | 150 | May.2003 | 10 | 5.125 | 101.625 | Credit Suisse | 4.915 |
| Sokkia Co.(a,l)*φ | 80 | Apr.1997 | 4 | 0.75 | 100 | BSI | - |
| Eurovisk | 100 | May.2000 | 7 | 5.25 | 101.5 | Credit Suisse | 4.891 |
| **LUXEMBOURG FRANCS** | | | | | | | |
| Eurofima | 1.5bn | Apr.2003 | 10 | 7.25 | 102 | BGL | 6.966 |
| Solvay Finance (Bermuda) | 1.5bn | May.1998 | 5 | 7.5 | 101.85 | BGL | 7.048 |

Final terms and non-callable unless stated. *Private placement. §Convertible. φWith equity warrants. ‡Floating rate note. #Semi-annual coupon. a) Denom.: SFr50,000 + 50 warrants. Exercise price: Y542. FX: 77.82Y/SFr. Callable on 15/4/95 at 102% declining by 0.5% semi-annually. b) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8%. c) Coupon pays 6-month Libor + 0.55% until Apr.1998 and 9% fixed annual thereafter. Callable at par on any coupon payment date from Apr.1998. d) Coupon pays 4.25% fixed annual for 3 years and 3 months and 3-month Libor - 0.125% in the final year. Puttable on 28/7/96 at par. e) Final terms fixed on 13/4/93. f) Coupon is indicated at 1.625-1.75%. Callable on 1/4/94 at 103% declining by 0.5% per annum, subject to the 130% rule. g) Callable in 3 years at 101.625% and in 4 years at 101.125%. Puttable at par plus accrued if Holderbank reduces stake in Apasco to less than 50%. h) Internationally syndicated tranche of a FFr4bn domestic deal. i) Coupon pays the TMS + 0.1%. j) Fungible with the outstanding £100m. Plus 83 days accrued interest. k) Fungible with the outstanding Ecu500m. Plus 35 days accrued interest. l) Callable on 3/4/94 at 101.5% declining by 0.25% semi-annually. m) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 7.5%. n) Coupon pays 4% in first 3 years and 6-month Libor - 0.125 in the final year. Puttable on 28/7/96 at par. o) Perpetual subordinated issue. Callable at par on 12/5/2008, then every 5 years. If not called, coupon will be reset at the higher of the then current coupon or the prevailing 5-year benchmark gilt + 340bp. p) Issue launched on 15/3/93 was increased to $150m. Plus 15 days accrued interest. Coupon pays 6-month Libor - 0.25%; minimum 5.25%, maximum 8%. q) Class A notes. r) Class B notes. Note: Yields calculated on ISMA basis.

# THE WEEK AHEAD

## ECONOMICS

# US recovery prospects remain market focus

INVESTORS in financial markets will keep a watch on this week's US data for signs of whether recovery in the world's largest economy is slowing down.

The market's expectation is that today's US retail sales figures for March will be weak, with many forecasters looking for only a small rise in sales on the month.

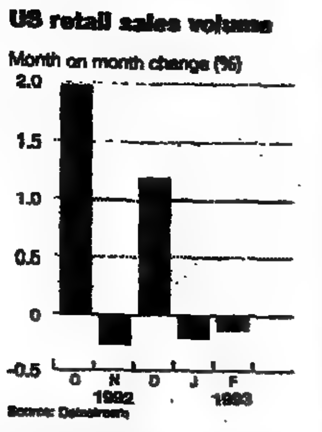
The pessimism is partly the result of recent weak figures for sales in US stores. The recent net drop in the US non-farm payroll figure for March has also raised concerns that the sharp upturn in US economic activity seen in the last quarter of 1992 did not follow through to the first quarter of this year.

In the UK, the main figures this week will be the industrial production data and the manufacturing output data for February, due out tomorrow.

There has been much debate in the UK press about the extent to which Britain is enjoying an economic recovery. Analysts in financial markets expect that the industrial production figures will show a slight rise after recording a fall of 0.4 per cent in the month to February.

Later in the week, the focus in the UK will fall on the retail price inflation figures for March. Analysts believe that these figures, due out on Friday, should reinforce the favourable trend to UK inflation shown in recent months. The latest RPI figure showed that the headline inflation rate was at 1.8 per cent in the year to February.

Investors in France and Germany will keep a close watch on the money market operations of both countries' central banks. The strong performance by the French franc in recent weeks has raised




expectations that the authorities in Paris will lower their intervention rate, currently at 12 per cent. By contrast, expectations of large cuts in the cost of Bundesbank lending to German commercial banks have been somewhat disappointed in recent weeks.

Highlights of the week are as follows. In brackets are the median market expectations for the numbers concerned, according to data provided by the MMS business information company.

**Today:** France: March consumer prices index (up 0.2 per cent month-on-month). Japan: February machine orders, ex-electricals and ships. Japan: March wholesale prices index (down 2.3 per cent year on year). UK: March producer prices index input (up 0.5 per cent month-on-month); March producer prices output (up 0.7 per cent month on month). US: March retail sales (up 0.1 per cent, ex-auto, down 0.5 per cent to 0.4 per cent); March Atlanta Fed Index; April Johnson Redbook, for week ending 10th April.

**Tomorrow:** Canada: February New Housing Price Index; February Department Store sales. UK: February Manufacturing output (up 0.2 per cent month-on-month); February Industrial production (up 0.65 per cent month-on-month); Treasury Monthly Monetary Report released. US: February business inventories (up 0.1 per cent); Auto sales for 1st to 10th April; Truck sales for 1st to 10th April; G7 Finance Ministers meeting in Tokyo to discuss Russian debt.

**Thursday:** Finland: February Industrial production and March consumer prices index. Japan: February Industrial production; February shipments. Spain: March consumer prices index (up 0.4 per cent on the month). Sweden: March consumer prices index (up 0.5 per cent on the month). US: Initial unemployment claims for week-ending April 10; State benefits for week ending 3 April; April Philadelphia Index; M1, M2 and M3 money supply for week ending April 5 and for the month of March.

**Friday:** Canada: February merchandise exports, imports and trade surplus. UK: March retail prices index (up 0.2 per cent on the month and 1.8 per cent on the year). US: February merchandise trade balance (down $7.4bn), exports (up $37.5bn), imports (up $44.8bn); March industrial production (unchanged); March capacity utilisation (79.7 per cent).

*During the week:* Denmark: February unemployment rate at 12.1 per cent. Germany: February retail sales (down 6.5 per cent) and March wholesale prices index (up 0.15 per cent on the month). Netherlands: March consumer prices index, February producer prices index and March unemployment rate. Norway: March consumer prices index. Spain: March unemployment rate (at 16.5 per cent).

**James Blitz**

## RESULTS DUE

# Close watch on hotel sector after Queens Moat

WITH the financial crisis at Queens Moat Houses still not fully explained, the rest of the hotel sector is being closely watched. Forte reports full year results on Thursday, with the City expecting pre-tax profits of about £70m, compared with £73m last time.

Some expect the group to cut its 9.91p a share dividend. If it does, any criticism is likely to be muted, with many regarding a cut as evidence of financial sobriety.

News of current trading will focus on whether recovery is taking root in London and any signs of life in the provinces. The group is also likely to be pressed on whether it would be interested in any of Queens Moat's Continental properties, should these become available.

**Blue Circle Industries** and **RMC Group** will bring more news on Thursday about the building materials sector. The former, with about half the UK cement market, is expected to report pre-tax profits for 1992 of about £85m, down sharply from £124.2m a year earlier. There is also some question hanging over its 10.9p a share dividend.

RMC, benefitting from its extensive German operations, is likely to report profits down only slightly from 1991's £167.4m. But with the German economy slowing rapidly, investors will be keen to hear about RMC's current prospects.

**Laura Ashley**, the international fashion and furnishings group, is set to report a return to the black on Thursday after three years of losses. It may also pay a final dividend.

A revitalised performance in the UK and continued growth on the continent should enable the group to report a £1m-£2m pre-tax profit for the year to January, in spite of losses and upheavals in the US.

In 1991-92 the group lost £9.1m pre-tax including £11.5m of exceptional charges, mainly for reorganisation and stock write-downs.

**FR Group**, the maker of in-flight refuelling equipment, is expected to report today preliminary 1992 pre-tax profits of around £23m against £21.4m a year earlier. A small dividend increase is forecast from 1991's 6.69p.

One of the steadiest performers in the engineering sector, this would be the sixth year in a row of profits in the £21m-£23m range. Investors will need some reassurance, though, that its long term contracts will hold up.

## DIVIDEND & INTEREST PAYMENTS

■ **YESTERDAY**
Bermuda Int. Bd. Fd. $0.20

■ **TODAY**
AB Consulting 0.3p
Acatos & Hutcheson 4p
Asian Dev. Bank 11% Bd. 2001 £110.0
Baltica Bank 6.6% Gtd. Nts. 1995 Y680000.0
Bradford & Bingley Bldg. Scty. Fltg. Rate Nts. 1997 £181.71
Do. Fltg. Rate Nts. 1998 £184.32
Britannia Bldg. Scty. Fltg. Rate Nts. 1993 £182.31
Central Am. Bank for Economic Integration Fltg. Rate Ser. Nts. 1994 $42.47
Collateralised Mortgage Sec. (No.11) Class B MTg. Bckd. Fltg. Rate Nts. 2028 £217.81
Enterprise Oil Sb. Fltg. Rate Nts. 1999 £50194.52
Fluor $0.12
Forsmarks Kraftgrupp Gtd. Retractable Bd. 1989/94/99 £568.75
Grand Metropolitan 7.7p
Hongkong & Shanghai Banking Prim. Cap. Und. Fltg. Rate Nts. (3rd Ser.) $44.53
Kobe Steel Fltg. Rate Nts. 1996 Y101743.0
Marine Midland Fin. Gtd. Fltg. Rate Sb. Nts. 1994 $13.13
Motorola $0.11
Nat. Australia Bank Und. Sb. Fltg. Rate Nts. $175.05
Nationwide Bldg. Scty. Varied Coupon Nts. 1995 £72138.70
New Zealand 9¼% Bd. 1995 £96.25
Norsk Hydro 8¼% Bd. 1997 $412.50
Do. 8% Nts. 1996 $80.0
Ramsdens (Harry) 3.5p
RHM 4¾% Cv. Bd. 2003 £62.015
State Bank of New South Wales 11¾% Nts. 1996 A$117.50
Sweden (Kingdom of) 6% Bd. 1996 Y60000.0
Unitas Var. Rate Sb. Nts. 2000 $100.63
Treasury 9% Ln. 2008 £4.50

■ **TOMORROW**
Armitage Brothers 2.6p
Australia (Commonwealth of) 9½% Ln. 2012 £237.50
Contl. Assets Tst. 2.4p
Hewlett-Packard $0.20
Land Securities 8½% Un. Ln. 1992/97 £0.326027
Natwest Trustcor UK Equity Fd. Ptg. Rd. Pf. 2.4p
State Elect. Commission of Victoria 11% Gtd. Nts. 2002 A$110.0

■ **THURSDAY APRIL 15**
AIM Grp. 1.5p
Alumasc Grp. 3.7p
American Brands 12½% Un. Ln. 2009 £6.25
BCE Inc. C$0.66
BP Fin. Australia 8⅜% Gtd. Bd. 1998 $418.75
Bradford & Bingley Bldg. Scty. Fltg. Rate Nts. 1999 £175.68
Chrysler $0.15
Cleveland Place Hldgs. 6% Rd. Db. 1989/94 £3.0
Eldridge Pope 6¼% Irrd. Un. Ln. £3.125
Do. 7½% Irrd. Un. Ln. £3.75
Finland (Republic of) 11½% Ln. 2009 £287.50
Foreign & Colonial Inv. Tst. 2.23p
Goode Durrant 3.5% Cm. Pf. 0.875p
Govett Strategic Inv. Tst. 9⅞% Db. 2017 £4.9375
Halifax Bldg. Scty. Fltg. Rate Nts. 1995 £175.68
ICI 9¾% Bd. 2005 £97.50
Do. 10% Bd. 2003 £100.0
Leslie Wise 2.25p
Manders 5% Cm. Pf. 1.75p
MEPC 9⅞% Bd. 2004 £98.75
Do. 10¼% Bd. 2003 £102.50
Merton (London Borough of) 11¼% Rd. 2017 £5.625
Metropolitan Water Board Southwark & NVauxhall Water 3% Db. £1.50
Mid. Witwatersrand R0.022
Morgan (J.P.) $0.60
New Zealand Dairy Board Fin. 8% Gtd. Bd. 1994 $400.0
Nissho Iwai 6.4% Bd. 1997 Y640000.0
Norsk Hydro 9⅝% Nts. 1993 £96.75
Occidental Petroleum $0.25
Owners Abroad 2.52p
Pacific Gas & Electric $0.47
Partridge Fine Arts 1.25p
Prudential O'seas Fdg. 10⅝% Gtd. Bd. 1993 $531.25
Quaker Oats $0.48
Ranger Oil $0.08
Richards 4% Cm. Pf. 1.4p
Do. 5½% Cm. Pf. 1.44375p
Royal Tst. Govt. Sec. Fd. Inc. Ptg. Rd. Pf. 1.3p
Sindall (Wm.) 5.625% Cv. Cm. Rd. Pf. 2.8125p
Singapore Para Rubber Estates 1.7p
Smithkline Beecham A 2.533p
Do. Equity Units $0.04605
Treasury 10% Ln. 1993 £5.0
Wereldhave Property 9.5% 1st. Mtg. Db. 2015 £4.75
Do. 10.75% 1st. Mtg. Db. 2015 £5.375

■ **FRIDAY APRIL 16**
Brierley Invs. NZ$0.04
BWD Sec. 1.9p
Centex $0.05
Channel Islands & Int. Inv. Tst. Ptg. Rd. 1.58p
Grafton Grp. IR3.75p
Lonrho 2p
Multitrust 1.5p
Nat West Bank 9% Non-Cm. Pf. Ser.A 4.5p
Do. Non-Cm. Pf. Ser.A $0.49875
Soundtracs 1.35p
Swansea (City of) 13¾% Rd. 2006 £6.875
Treatt 2.6p
Treasury 2½% I.L. 2020 £2.0927

■ **SATURDAY APRIL 17**
Cornwell Parker 1.7p
Do. A N/Vtg. 1.7p
Echlin $0.175
Radius 1.8p

■ **SUNDAY APRIL 18**
Allied London Properties 5¾% Cv. Cm. Rd. Pf. 2.875p
Conversion 9½% 2005 £4.75
Daicel Chem. Inds. 5.1% Bd. 1997 Y508583.0
Do. 5.6% Bd. 2000 Y558444.0
National & Provincial Bldg. Scty. 10% Nts. 1993 £100.0
Nova Scotia (Province of) 11¾% Ln. 2019 £5.875

## UK COMPANIES

■ **TODAY**
*COMPANY MEETINGS:*
**Capita Grp.**, Hill Samuel, 100, Wood Street, E.C., 10.00
***Kleinwort Overseas Inv. Tst.***, 10, Fenchurch Street, E.C., 12.30
BOARD MEETINGS:
Finals:
**Erith**
**FR Group**
**Sykes-Pickavant**
**Tie Rack**
***Walker Greenbank***
**Yule Catto**
Interims:
***Tadpole Technology***

■ **TOMORROW**
COMPANY MEETINGS:
**Anglo & Overseas Tst.**, 23, Great Winchester Street, E.C., 12.00
**British Vita**, Green Street, Middleton, Manchester, 2.15
**Grosvenor Development Capital**, Commerce House, 2-6, Bath Road, Slough, 12.00
**Partridge Fine Arts**, 144-146, New Bond Street, W., 12.00
**Vivat Hldgs.**, Denmark House, The Broadway, N.W., 10.00
BOARD MEETINGS:
Finals:
**Alexandra Workwear**
***Ashley (Laura)***
**Crane Europe**
**Friendly Hotels**
**Golden Vale**
**Gowrings**
**Kingspan**
**Tudor**

■ **THURSDAY APRIL 15**
COMPANY MEETINGS:
**Crest Nicholson**, Runnymede Hotel, Windsor Road, Egham, Surrey, 12.00
**English & Scottish Investors**, Gartmore House, 16-18, Monument Street, E.C., 11.00
**Leslie Wise**, Berners Park Plaza, Berners Street, W., 11.00
**Lloyds Abbey Life**, Royal Society of Arts, 8, John Adam Street, W.C., 12.00
**Raglan Property Tst.**, Butchers Hall, 87, Bartholomew Close, E.C., 10.00
BOARD MEETINGS:
Finals:
**Blue Circle Inds.**
**Brooks Service**
**Campari Int.**
**Forte**
**Laura Ashley**
**Meggitt**
**Paramba**
**RMC**
**Radamec**
**Russell (Alexander)**

■ **FRIDAY APRIL 16**
COMPANY MEETINGS:
***Alexanders Hldgs.***, Howard Hotel, Temple Place, W.C., 11.00
***Alliance Tst.***, *Meadow House*, 64, Reform Street, Dundee, 12.30
**Boddington Grp.**, Village Hotel, 110, Centre Park, Warrington, Cheshire, 11.45
**Johnston Press**, 53, Manor Place, Edinburgh, 11.30
**Takare**, Logwood Mill Hotel, Fallows Way, Whiston, Merseyside, 12.30
**St. Modwen Properties**, Ironmongers Hall, Barbican, E.C., 12.00
BOARD MEETINGS:
Finals:
**British Empire Sec. & Gen. Tst.**
**Elys (Wimbledon)**
**Quarto**
**Swallowfield**

*Company meetings are AGMs unless otherwise stated.*
*Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.*



## PARLIAMENTARY DIARY

■ **TOMORROW**
**Commons:** Foreign Office *questions.*
Criminal Justice Bill, second reading.
***Lords:*** *Debates on drug and* alcohol abuse, the forestry industry and the effect of the extension of the selected list scheme on health targets.
**Select committees:**
Education, subject: special educational needs. Witnesses: Leeds local education authority, Kent local education authority, British dyslexia association (4.10pm, room 18).
Treasury and civil service, subject: budgetary reform: *Witness, Sir Terence Higgins*, MP (4.15pm, room 8).
Employment (4.15pm, *room 20)*

■ **THURSDAY**
**Commons:** Home Office questions.
Questions to the Prime Minister.
European Communities (Amendment) Bill, committee.
**Lords:** Debate on Lords select committee report on forensic science.
Carrying of Knives (Scotland) Bill, second reading.
Debate on *impact* of Government health policies on rural communities.
***Select committee: National*** heritage, subject: the price of compact discs. Witnesses: *So What Arts, the Consumers* Association (10.30am, room 15).

■ **FRIDAY**
**Commons:** Debate on public and private sector partnership in delivering council services.
**Lords:** Not sitting.

# WORLD STOCK MARKETS

## CANADA

TORONTO

3:45 pm April 12

Quotations in cents unless marked $

MONTREAL

3:45 pm April 12

## INDICES

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

| | | | | | | |
|---|---|---|---|---|---|---|
| THAILAND | | | | | | |
| Bangkok SET (30/4/75) | (c) | 882.71 | 889.40 | 886.05 | 898.44 (25/1) | 840.20 (30/3) |
| WORLD | | | | | | |
| M.S. Capital Intl.(1/1/70) $ | (c) | 547.7* | 548.9 | 549.0 | 549.00 (8/4) | 459.80 (13/1) |
| Euro Top-100 (26/6/90) | (u) | (c) | 944.59 | 939.29 | 982.32 (10/3) | 882.73 (13/1) |

**Saturday April 10: Taiwan Weighted Price: 4,888.88. Korea Comp Ex. 788.33.

*Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, 882.20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 30 Industrials - 264.3 and Australia All Ordinary and Mining - 500. (c) Closed. (u) Unavailable

## TOKYO - Most Active Stocks

Monday April 12, 1993

| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 6.8m | 393 | -2 | Mitsui Co | 3.6m | 725 | +19 |
| Fujitsu Ltd | 4.4m | 706 | | Nippon Yusen | 3.1m | 619 | -8 |
| Isuzu Motor | 4.1m | 500 | -10 | Fujikura | 3.0m | 1000 | |
| NEC Corp | 4.0m | 938 | -8 | JAL | 2.8m | 799 | -12 |
| Cosmo Oil | 3.9m | 822 | +10 | Toshiba Corp | 2.8m | 718 | +11 |

## JAPAN

# WORLD STOCK MARKETS

**AMERICA**

## Further decline in bond yields lifts equities

### Wall Street

ANOTHER big decline in bond yields, earned in the wake of more good inflation news, lifted US share prices across the board yesterday, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 28.10 at 3,424.58. The more broadly based Standard & Poor's 500 was 5.76 higher at 447.60, while the Amex composite was up 1.40 at 417.64 and the Nasdaq composite up 5.70 at 672.03. Trading volume on the NYSE was 150m shares by 1 pm.

Equity investors drew strength from the fixed-income markets, where last Friday's news of a 0.1 per cent increase in March consumer prices prompted heavy buying. The benchmark 30-year government bond rose almost another full point, pushing the yield down to 6.78 per cent.

Two weeks ago yields were heading beyond 7 per cent on fears of revived inflation, and stock markets were worried that this rise might hinder the economic recovery. In the last week, however, good news on consumer and producer prices has seen yields retreat convincingly.

Enthusiasm was tempered, however, by concern about the approaching reporting season. A handful of companies have already posted first quarter earnings, but until a fuller picture of corporate profitability, investors will remain cautious.

Among individual stocks, banks were firmer in the wake of lower interest rates. Chemical rose $1⅜ to $42, Chase Manhattan firmed $⅝ to $36¼, First Chicago rose $⅞ to $43½, BankAmerica added $½ at $52½ and Banc One rose $1½ to $59¾.

General Motors fell $¼ to $39 in busy trading as investors responded to Friday's news that a preliminary National Highway Traffic Safety Administration inquiry had found safety defects in GM pickup trucks built with "side-saddle" fuel tanks.

GM argued that its trucks were built to federal safety standards, and denied the administration's request that the company recall all 4.7m of the trucks built between 1973 and 1987.

The Federal National Mortgage Association (Fannie Mae) rose $1¼ to $80½ it announced a 16 per cent increase in first quarter income.

### Canada

TORONTO strengthened in moderate midday dealings with the TSE-300 index up 10.29 to 3609.09 in turnover of C$116m.

● South Africa was closed for a public holiday.

## Carmakers diverge as Germany loses impetus

**David Waller** shows how Daimler and Volkswagen characterise the change in Frankfurt sentiment

It was only in January this year that Prof Ekkehard Wenger, a professor in business studies at the university of Würzburg in northern Bavaria and a noted shareholder activist, launched a wholly unsuccessful attempt to get rid of Mercedes Holdings.

At the company's annual meeting, the full might of the German corporate and financial establishment combined to prevent the dissolution of MAH, a company which had no raison d'être but to hold a 25.23 per cent stake in Daimler-Benz and act as a block to an unfriendly takeover.

Prof Wenger may have lost the vote; but he won the argument. Eleven days ago, Daimler said it had reached agreement to get rid of MAH by the end of the year. Shares in MAH – which has a separate stock-market listing and has nothing to do with the Mercedes-Benz car manufacturing company – are to be converted into Daimler-Benz shares on a one-for-one basis.

The move was clearly connected with the announcement earlier in the week that Daimler had reached agreement with the Securities & Exchange Commission over the terms of a listing for its shares on the New York Stock Exchange. In future, Daimler will present its accounts according to US rules, thereby publishing more financial information than is usual for German companies.

The first effect of the announcement was to cause a sharp drop in the Daimler share price and a correspondingly sharp increase in the MAH price. MAH shares have traditionally had a 20 to 25 discount to the Daimler shares, reflecting MAH shareholders' lack of a direct vote in Daimler. This discount shrunk significantly over the course of a few days, while the Daimler share price was unsettled on fears that some large holdings in MAH were now up for sale.

But Daimler moves can still be interpreted as positive for investors in the German market. By abandoning an antiquated ownership structure, which was put together in 1975 to prevent the Shah of Iran buying the bulk of the 39 per cent Daimler stake owned by the industrialist, Mr Karl Friedrich Flick, Daimler is responding to the expectations of international, performance oriented investors.

It may thereby set a trend which may encourage other German companies to pay more than lip-service to the notion of "shareholder-value". As Mr Ronaldo Schmitz, the board director of Deutsche Bank responsible for corporate finance, commented a few weeks ago, "shareholder value" ought to mean aggressive management of assets according to strict financial criteria – not just public relations designed to talk up the share price.

Similarly, the New York listing should ensure that management action will become more open to market scrutiny than ever before. Other German companies will be obliged to follow suit, if they want to raise equity capital on as favourable terms as Daimler, with direct access to the investment resources of US institutions, may one day achieve.

For Daimler, this means that financial performance may take on a higher priority than in past years when a massive expansion programme coincided with earnings stagnation, and worse.

How much worse became clear on Tuesday this week when Daimler announced its expected drop in profits from DM1.94bn in 1991 to DM1.45bn for 1992 – and Mr Edzard Reuter, chief executive, said that they would fall as low as DM1bn in the current year as the downturn in the automobile industry gathers pace.

"The company is on the verge of ruin," commented Mr Roland Fieber, German equities analyst at Rhine Securities in Frankfurt. "It is facing its biggest challenge in its post-war history."

Other companies are facing equally severe challenges, including Volkswagen, Europe's largest car manufacturer. The difference for investors is that VW's shares have risen by 6 per cent since the group announced a collapse in group earnings in the middle of last month, whilst Daimler's shares, down nearly 10 per cent over a similar period, are still reeling from bad earnings news and the initial effects of the Mercedes merger.

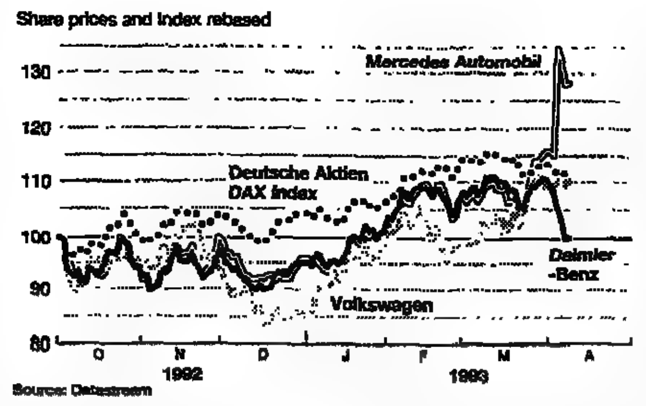
VW's appointment of Mr José Ignacio Lopez de Arriortua, snatched from arch-rival General Motors, has helped to persuade investors that chief executive Mr Ferdinand Piëch is deadly serious about cutting costs, the only way to restore the group to prosperity.

At VW, investors are taking a lot on trust – an observation which holds true for the market as a whole. Even after its recent correction, the DAX index has climbed by 16.6 per cent since last autumn, from a low of 1,420.30 on October 6, through a peak of more than 1,717.30 last month, to 1,655.73 last Thursday. It has achieved this with little support from corporate fundamentals.

Interest rates have indeed fallen steeply over this period, but any impact that this may have on the corporate sector is likely to be long delayed: at present all indications are that the recession is likely to be deeper and to last longer than expected. UBS in Frankfurt predicts that earnings at the industrial companies within the DAX 30 index will fall by 17 per cent this year after a drop of 16 per cent this year. At current levels the market is on a prospective multiple of around 20 times current year earnings.

This compares with a long-term market multiple of around 11 per cent and a five-year average of 15 per cent. Assuming earnings rebound next year by a quarter, the market is still on 16 times earnings.

"There is a danger that all the stimuli expected for 1993 as a whole have been played out in the first quarter," cautions Mr Sy Schlüter at CSFB in Frankfurt. "It has become entirely a stock-picking market."



Source: Datastream

**EUROPE**

## Istanbul improves 2.5%

THE majority of bourses remained closed for the Easter holiday yesterday, *writes Our Markets Staff.*

MADRID made a slight advance on news that Mr Felipe Gonzalez, the prime minister, had called a general election for June 6, earlier than expected. The general index put on 0.6 to 236.49 in turnover estimated at some Pta7bn.

Madrid brokers FG commented that the possibility of a change of government, with the opposition Partido Popular having gained ground in opinion polls, could give support to the market.

ISTANBUL advanced some 2.5 per cent on hopes of fresh demand tomorrow from bond maturities. The 75-share market index rose 171.03 to 6,925.14 in turnover estimated at TL600bn.

**ASIA PACIFIC**

## Nikkei average declines as Seoul advances to an 18-month high

### Tokyo

INVESTORS remained inactive ahead of the government's fiscal stimulus package announcement, expected today, and share prices fell marginally amid low volume, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell 10.04 to 19,882.14, having risen to the day's high of 19,940.37 in the first hour of trading before falling on arbitrage related selling, and hitting the day's low of 19,740.53 in the afternoon. However, late arbitrage buying erased some of the losses.

Volume fell from Friday's 761m shares to 330m, the lowest level in three weeks. Traders attributed the dull trading to the absence of foreign investors, who have been leading the recent rally, because of the Easter holidays.

Declines led gains by 606 to 405 with 171 issues unchanged. The Topix index of all first section stocks fell 7.87 to 1,555.41.

Investors also cited the yen's advance against the dollar as an excuse to remain on the sidelines. The dollar closed at a new Tokyo low of Y112.95, down Y0.20 from Friday. The higher yen prompted profit-taking in exporting sectors such as high-technology and car manufacturers.

Traders said that investors were placing funds into smaller stocks.

"Rotation buying, which has accounted for the gains in many first section sectors, has now moved into other sections," said Baring Securities.

The second section rose 9.17 to 2,018.12 and the over-the-counter market advanced 18.09 to 1,597.66.

Electronics issues lost ground on profit-taking. Hitachi fell Y9 to Y869 and Sony retreated Y40 to Y4,800. Toyota Motor also lost Y10 to Y1,690 on the higher yen.

Nippon Steel, the day's most active issue, fell Y2 to Y398, while Japan Airlines, which had surged last week on bargain hunting, lost Y12 to Y758.

Profit-taking depressed banks and brokers. Sumitomo Bank fell Y30 to Y2,000, while Nomura Securities lost Y80 to Y2,090. Nippon Telegraph and Telephone closed unchanged at Y1.03m, after falling briefly below Y1m on profit-taking.

Some gainers included speculative issues, with Cosmo Oil, the oil refiner, up Y10 to Y822 on rumours that the company has become an acquisition target for a large Saudi Arabian conglomerate. Nippon Synthetic Chemical Industry rose Y78 to Y763 on reports that it will start mass-producing bio-degradable plastics next year.

On the second section, Oriental Photo Industrial surged Y54 to Y404 and Maruhachi Warehouse gained Y55 to Y535. In Osaka, the OSE average fell 123.91 to 21,452.49 in volume of 15.7m shares.

### Roundup

A NUMBER of markets on the Pacific Rim remained closed yesterday.

SEOUL finished at its highest level for 18 months on strong buying by individuals, and the composite index climbed 12.63 to 720.96. Turnover was strong at Won933.2bn, up from Won512.8bn in Saturday's half-day session. Small and medium sized companies gained momentum aided by a government decision to provide financial assistance of some Won1.4 trillion.

BOMBAY fell sharply in spite of curbs on selling imposed by the stock exchange and the BSE index closed down 88.32 at 2,222.69, the first day of the new account. Some analysts commented that investors remained disappointed at the lack of an anticipated interest rate cut last week.

SINGAPORE shed some of last week's gains on profit-taking with the Straits Times Industrial index falling 10.56 to 1,707.84. Some investors commented that Malaysian speculative shares were still active, but demand had shrunk from last week's levels. KUALA LUMPUR was helped by a late rally in Telekom which left the composite index up 1.89 at 657.13.

TAIWAN continued to ease following its rise to a 12-month high last week. The weighted index closed 16.59 lower at 4,682.27 as turnover fell to T$32.7bn, its lowest level for nearly two months. Buying interest was weak with many investors believing that the market will consolidate with a downward bias in the near term.

MANILA was stronger on renewed optimism for the economy. The composite index rose 8.76 to 1,564.89 as turnover declined to 334m pesos.

## US COMMODITIES PRICES

### New York

GOLD 100 troy oz.; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 337.0 | 337.6 | 337.7 | 337.0 |
| May | 337.5 | 336.2 | 338.8 | 338.8 |
| Jun | 338.2 | 338.9 | 340.2 | 338.0 |
| Aug | 339.5 | 340.2 | 341.2 | 339.4 |
| Oct | 340.8 | 341.6 | 0 | 0 |
| Dec | 342.1 | 342.8 | 344.1 | 341.8 |
| Feb | 343.6 | 344.3 | 344.1 | 344.1 |
| Apr | 345.0 | 345.8 | 0 | 0 |
| Jun | 346.4 | 347.2 | 0 | 0 |

PLATINUM 50 troy oz; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 367.5 | 362.6 | 367.0 | 367.0 |
| Jul | 362.5 | 358.8 | 364.0 | 358.0 |
| Oct | 361.2 | 357.8 | 360.0 | 360.0 |
| Jan | 360.2 | 356.5 | 0 | 0 |
| Apr | 359.7 | 356.0 | 0 | 0 |

SILVER 5,000 troy oz; cents/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 389.0 | 382.9 | 386.0 | 383.0 |
| May | 387.7 | 383.7 | 389.0 | 379.0 |
| Jun | 389.0 | 385.0 | 0 | 0 |
| Jul | 390.3 | 386.2 | 390.5 | 382.0 |
| Sep | 392.6 | 388.7 | 392.5 | 384.5 |
| Dec | 396.6 | 392.4 | 397.0 | 389.0 |
| Jan | 396.9 | 392.6 | 0 | 0 |
| Mar | 400.4 | 396.3 | 400.5 | 392.0 |
| May | 402.8 | 398.7 | 402.5 | 402.5 |
| Jul | 405.5 | 401.4 | 0 | 0 |

HIGH GRADE COPPER 25,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 89.90 | 88.90 | 89.95 | 88.85 |
| May | 90.30 | 89.35 | 90.30 | 89.40 |
| Jun | 90.70 | 89.75 | 90.00 | 90.00 |
| Jul | 91.05 | 90.15 | 91.05 | 90.20 |
| Aug | 91.48 | 90.56 | 91.09 | 91.00 |
| Sep | 91.85 | 91.00 | 91.60 | 91.00 |
| Oct | 92.10 | 91.25 | 0 | 0 |
| Nov | 92.50 | 91.70 | 0 | 0 |
| Dec | 92.95 | 92.15 | 92.75 | 92.10 |
| Jan | 93.25 | 92.45 | 0 | 0 |

CRUDE OIL (Light) 42,000 US galls $/barrel

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| May | 20.46 | 20.22 | 20.48 | 20.15 |
| Jun | 20.64 | 20.40 | 20.67 | 20.32 |
| Jul | 20.74 | 20.48 | 20.75 | 20.41 |
| Aug | 20.79 | 20.54 | 20.80 | 20.49 |
| Sep | 20.77 | 20.57 | 20.80 | 20.50 |
| Oct | 20.77 | 20.58 | 20.78 | 20.58 |
| Nov | 20.77 | 20.58 | 20.78 | 20.58 |
| Dec | 20.76 | 20.57 | 20.77 | 20.63 |
| Jan | 20.75 | 20.56 | 20.75 | 20.65 |
| Feb | 20.73 | 20.53 | 20.73 | 20.60 |

HEATING OIL 42,000 US galls, cents/US galls

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| May | 56.60 | 56.99 | 56.85 | 55.60 |
| Jun | 56.40 | 56.61 | 56.65 | 55.60 |
| Jul | 56.60 | 56.06 | 56.70 | 56.80 |
| Aug | 57.15 | 56.69 | 57.15 | 56.50 |
| Sep | 58.10 | 57.66 | 58.10 | 57.60 |
| Oct | 59.00 | 58.61 | 59.00 | 59.00 |
| Nov | 59.49 | 59.49 | 0 | 0 |
| Dec | 60.75 | 60.35 | 60.80 | 60.80 |
| Jan | 60.80 | 60.80 | 0 | 0 |
| Feb | 60.60 | 60.60 | 0 | 0 |

COCOA 10 tonnes;$/tonnes

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 936 | 922 | 946 | 927 |
| Jul | 968 | 951 | 976 | 965 |
| Sep | 995 | 979 | 1003 | 992 |
| Dec | 1026 | 1010 | 1036 | 1020 |
| Mar | 1059 | 1040 | 1064 | 1056 |
| May | 1081 | 1062 | 0 | 0 |
| Jul | 1104 | 1085 | 0 | 0 |
| Sep | 1126 | 1107 | 0 | 0 |
| Dec | 1156 | 1137 | 0 | 0 |

COFFEE "C" 37,500lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 53.55 | 53.50 | 54.45 | 52.80 |
| Jul | 56.40 | 55.35 | 56.80 | 54.50 |
| Sep | 57.10 | 57.10 | 57.30 | 56.50 |
| Dec | 59.75 | 59.60 | 60.00 | 59.05 |
| Mar | 62.15 | 62.25 | 62.25 | 61.90 |
| May | 63.65 | 64.00 | 63.75 | 63.70 |
| Jul | 65.50 | 65.25 | 65.75 | 65.25 |
| Sep | 67.50 | 67.75 | 0 | 0 |

SUGAR WORLD "11" 112,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 10.73 | 11.08 | 10.98 | 10.69 |
| Jul | 11.20 | 11.49 | 11.42 | 11.08 |
| Oct | 10.94 | 11.26 | 11.15 | 10.92 |
| Mar | 10.30 | 10.61 | 10.50 | 10.26 |
| May | 10.27 | 10.52 | 10.43 | 10.25 |
| Jul | 10.40 | 10.70 | 10.50 | 10.40 |

COTTON 50,000; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 61.66 | 61.52 | 62.10 | 61.42 |
| Jul | 62.73 | 62.43 | 62.90 | 62.25 |
| Oct | 62.88 | 62.55 | 63.10 | 62.70 |
| Dec | 62.19 | 61.90 | 62.40 | 62.00 |
| Mar | 63.22 | 63.02 | 0 | 0 |
| May | 63.72 | 63.70 | 64.00 | 64.00 |
| Jul | 64.05 | 64.25 | 0 | 0 |

ORANGE JUICE 15,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 95.05 | 92.70 | 95.20 | 94.40 |
| Jul | 97.90 | 95.75 | 98.50 | 97.45 |
| Sep | 100.80 | 98.70 | 101.75 | 100.25 |
| Nov | 102.25 | 101.45 | 103.50 | 102.25 |
| Jan | 104.40 | 103.50 | 104.75 | 103.75 |
| Mar | 106.35 | 105.00 | 106.50 | 106.00 |
| May | 106.35 | 105.00 | 0 | 0 |
| Jul | 106.35 | 105.00 | 0 | 0 |
| Sep | 106.35 | 105.00 | 0 | 0 |

INDICES

REUTERS (Base:September 18 1931 = 100)

| Apr 8 | Apr 7 | mnth ago | yr ago |
|---|---|---|---|
| 1672.3 | 1686.1 | 1763.9 | 1635.9 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | Apr 7 | Apr 6 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 122.90 | 123.42 | - | 116.47 |
| Futures | 124.46 | 126.07 | - | 120.06 |

### Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 597/2 | 596/0 | 598/0 | 594/6 |
| Jul | 602/4 | 601/4 | 603/6 | 600/0 |
| Aug | 606/2 | 604/2 | 606/4 | 603/0 |
| Sep | 606/6 | 605/2 | 606/0 | 605/0 |
| Nov | 611/4 | 610/6 | 613/2 | 609/2 |
| Jan | 619/0 | 619/0 | 620/0 | 616/4 |
| Mar | 625/2 | 624/6 | 626/4 | 623/4 |

SOYABEAN OIL 60,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 21.42 | 21.81 | 21.70 | 21.36 |
| Jul | 21.66 | 21.87 | 21.84 | 21.62 |
| Aug | 21.78 | 21.97 | 22.02 | 21.75 |
| Sep | 21.87 | 22.06 | 22.15 | 21.86 |
| Oct | 21.96 | 22.14 | 22.26 | 21.96 |
| Dec | 22.16 | 22.43 | 22.45 | 22.16 |
| Jan | 22.22 | 22.45 | 22.33 | 22.22 |
| Mar | 22.46 | 22.62 | 22.61 | 22.46 |

SOYABEAN MEAL 100 tons; $/ton

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 186.4 | 185.6 | 186.5 | 186.1 |
| Jul | 188.1 | 187.1 | 188.2 | 186.5 |
| Aug | 189.1 | 188.1 | 189.2 | 187.9 |
| Sep | 190.3 | 189.1 | 190.3 | 188.9 |
| Oct | 191.3 | 189.9 | 191.4 | 189.5 |
| Dec | 193.6 | 192.1 | 193.7 | 191.7 |
| Jan | 194.0 | 192.7 | 194.0 | 192.6 |
| Mar | 194.7 | 193.0 | 194.7 | 194.5 |

MAIZE 5,000 bu min; cents/56lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 233/0 | 231/6 | 233/2 | 231/6 |
| Jul | 239/0 | 237/4 | 239/2 | 237/4 |
| Sep | 243/4 | 241/6 | 243/6 | 242/0 |
| Dec | 249/2 | 247/6 | 249/4 | 248/0 |
| Mar | 256/0 | 254/4 | 256/0 | 254/4 |

WHEAT 5,000 bu min; cents/60lb-bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 350/4 | 348/4 | 351/6 | 348/2 |
| Jul | 314/2 | 314/2 | 316/0 | 312/4 |
| Sep | 317/4 | 318/0 | 318/4 | 316/6 |
| Dec | 327/0 | 327/2 | 328/0 | 324/4 |
| Mar | 330/0 | 332/0 | 332/4 | 329/0 |

LIVE CATTLE 40,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 81.850 | 81.225 | 81.875 | 81.500 |
| Jun | 76.425 | 75.875 | 76.475 | 76.025 |
| Aug | 72.800 | 72.325 | 72.850 | 72.350 |
| Oct | 73.725 | 73.625 | 73.800 | 73.650 |
| Dec | 73.825 | 73.800 | 73.900 | 73.750 |
| Feb | 73.125 | 73.100 | 73.400 | 73.125 |

LIVE HOGS 40,000 lb; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 47.550 | 47.275 | 47.750 | 47.300 |
| Jun | 53.750 | 53.300 | 53.875 | 53.300 |
| Jul | 52.775 | 52.350 | 52.930 | 52.450 |
| Aug | 49.850 | 49.550 | 50.000 | 49.600 |
| Oct | 44.650 | 44.325 | 44.650 | 44.325 |
| Dec | 45.350 | 45.100 | 45.460 | 45.050 |
| Feb | 45.550 | 45.225 | 45.550 | 45.300 |

PORK BELLIES 40,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 51.200 | 49.825 | 51.625 | 49.500 |
| Jul | 51.325 | 50.350 | 51.650 | 50.200 |
| Aug | 48.375 | 47.525 | 48.450 | 47.400 |
| Feb | 42.825 | 42.850 | 44.100 | 42.825 |
| Mar | 42.000 | 42.350 | 0 | 42.000 |

## UK commodity markets were closed yesterday.

# Philips Electronics N.V.
**(The Netherlands)**

Notice convening the
**ORDINARY GENERAL MEETING OF SHAREHOLDERS**

*to be held on **Thursday, May 6, 1993, at 2.00 p.m., in the BEURS-GEBOUW EINDHOVEN, LARDINOISSTRAAT 8** (at the north side of the central railway station), EINDHOVEN.*

The items on the agenda are as follows:

1. Opening.
2. Report on the activities of the Philips group in the financial year 1992.
3. Report of the Supervisory Board on the financial statements for 1992.
4. Adoption of the 1992 financial statements.
5. Composition of the Board of Management.
6. Composition of the Supervisory Board.
7. Proposal to authorize the Board of Management for a period of 18 months to acquire shares in the Company.
8. Any other business.
9. Closing.

The complete agenda has been deposited for inspection and is available *free of charge* at the office of the Company (Corporate Finance Securities), Groenewoudseweg 1, Eindhoven and at the head offices of the banks listed below.
In so far as this is laid down in the Articles of Association, the proposals for nominations, together with information relating to the persons proposed, have been deposited for inspection and are available free of charge at the office of the Company (Corporate Finance Securities) and at the ABN AMRO Bank N.V., Herengracht 597, in Amsterdam.

Shareholders of Philips Electronics N.V. who wish to attend the meeting, either in person or by proxy, must notify the Company **not later than April 29, 1993 before 12.00 hrs.** The following regulations apply:

**A. HOLDERS OF SHARE-CERTIFICATES TO BEARER:**
*They should deposit such certificates, **not later than April 29, 1993 before 12.00 hrs**, at one of the following addresses in exchange for a receipt which will entitle the holder to admission to the meeting.*

***In the Netherlands:***
the ABN AMRO Bank N.V. in Amsterdam, Herengracht 597 or at the office of the Company (Corporate Finance Securities).

***In the United Kingdom:***
Hill Samuel Bank Ltd., London.

***In other countries:***
at the banks designated for such purpose. Further particulars can be obtained from Hill Samuel Bank Ltd., London.

**B. HOLDERS OF REGISTERED SHARES:**
They must notify the Company **not later than April 29, 1993 before 12.00 hrs** in the way indicated in the letter of convocation sent to them by or on behalf of the Company:
- with respect to shares of the Eindhoven Registry: at the office of the Company;
- with respect to shares of the New York Registry: at the office of Citibank, N.A., Equity Department, 111 Wall Street, 5th Floor / Zone 2, New York, N.Y. 10043, U.S.A.

Requests for copies of the Philips Annual Report 1992 should be sent to Philips Electronics N.V., Corporate Finance Securities, Gebouw VO-p, P.O. Box 218, 5600 MD Eindhoven.

**Eindhoven, April 13, 1993** **The Board of Management**

**PHILIPS**

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on [illegible]: Pool purchase price £/MWh | Real Prices for Trading on [illegible]: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 18.03 | 18.04 | 18.04 |
| 0100 | 34.70 | 28.10 | 32.19 |
| 0130 | 39.70 | 29.60 | 33.85 |
| 0200 | 79.78 | 28.63 | 33.88 |
| 0230 | 31.31 | 27.44 | 31.33 |
| 0300 | 31.31 | 26.48 | 29.30 |
| 0330 | 26.47 | 22.69 | 26.25 |
| 0400 | 26.60 | 20.81 | 24.49 |
| 0430 | 16.63 | 16.03 | 16.03 |
| 0500 | 18.12 | 17.54 | 17.54 |
| 0530 | 18.05 | 17.62 | 17.52 |
| 0600 | 18.06 | 17.82 | 17.52 |
| 0630 | 18.07 | 17.82 | 17.52 |
| 0700 | 18.07 | 17.52 | 17.52 |
| 0730 | 18.06 | 17.52 | 17.52 |
| 0800 | 18.12 | 17.49 | 17.49 |
| 0830 | 25.12 | 18.64 | 18.64 |
| 0900 | 25.12 | 28.10 | 28.10 |
| 0930 | 25.12 | 29.54 | 33.75 |
| 1000 | 25.12 | 29.54 | 33.76 |
| 1030 | 25.24 | 29.54 | 33.77 |
| 1100 | 26.53 | 23.65 | 27.57 |
| 1130 | 27.74 | 23.65 | 27.55 |
| 1200 | 31.50 | 28.36 | 32.48 |
| 1230 | 37.92 | 28.36 | 32.46 |
| 1300 | 37.92 | 28.36 | 32.47 |
| 1330 | 37.92 | 28.36 | 32.53 |
| 1400 | 26.53 | 28.10 | 32.30 |
| 1430 | 24.98 | 28.10 | 32.31 |
| 1500 | 24.98 | 28.10 | 28.10 |
| 1530 | 24.30 | 28.10 | 28.10 |
| 1600 | 18.14 | 28.10 | 28.10 |
| 1630 | 18.14 | 28.10 | 28.10 |
| 1700 | 18.14 | 17.54 | 17.54 |
| 1730 | 20.91 | 17.59 | 17.59 |
| 1800 | 24.30 | 20.69 | 24.45 |
| 1830 | 24.30 | 24.46 | 28.30 |
| 1900 | 24.30 | 29.21 | 33.13 |
| 1930 | 24.98 | 29.21 | 33.08 |
| 2000 | 24.98 | 29.21 | 33.08 |
| 2030 | 28.24 | 27.05 | 30.87 |
| 2100 | 37.60 | 24.48 | 28.22 |
| 2130 | 37.60 | 23.49 | 27.22 |
| 2200 | 37.60 | 23.49 | 27.22 |
| 2230 | 34.00 | 23.07 | 26.60 |
| 2300 | 34.00 | 18.04 | 18.04 |
| 2330 | 25.31 | 17.54 | 17.54 |
| 2400 | 18.12 | 17.54 | 17.54 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being [illegible]

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on [illegible]: Pool purchase price £/MWh | Real Prices for Trading on [illegible]: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 18.09 | 18.04 | 18.04 |
| 0100 | 32.50 | 31.46 | 34.51 |
| 0130 | 32.50 | 31.46 | 34.44 |
| 0200 | 45.94 | 31.46 | 34.35 |
| 0230 | 31.50 | 25.08 | 27.65 |
| 0300 | 31.98 | 23.07 | 25.58 |
| 0330 | 28.70 | 22.83 | 25.14 |
| 0400 | 27.61 | 22.27 | 24.77 |
| 0430 | 27.61 | 17.68 | 17.68 |
| 0500 | [illegible] | 17.57 | 17.57 |
| 0530 | [illegible] | 17.64 | 17.64 |
| 0600 | 18.09 | 17.65 | 17.55 |
| 0630 | 18.09 | 19.05 | 19.05 |
| 0700 | 18.09 | 19.26 | [illegible] |
| 0730 | 18.35 | 23.21 | 25.80 |
| 0800 | 25.17 | 24.62 | 27.27 |
| 0830 | 25.17 | 24.62 | 27.25 |
| 0900 | 25.17 | 25.88 | 28.31 |
| 0930 | 25.47 | 29.13 | 31.94 |
| 1000 | 25.47 | [illegible] | 31.92 |
| 1030 | 25.68 | 29.13 | 31.90 |
| 1100 | 25.68 | 26.53 | 29.17 |
| 1130 | 27.68 | 25.65 | 28.26 |
| 1200 | 30.50 | 25.65 | 28.26 |
| 1230 | 30.50 | 25.65 | 28.26 |
| 1300 | 27.68 | 24.63 | 27.20 |
| 1330 | 25.68 | 23.54 | 26.07 |
| 1400 | 25.47 | 23.54 | 26.08 |
| 1430 | 18.48 | 23.26 | 25.79 |
| 1500 | [illegible] | 19.67 | 19.67 |
| 1530 | 18.39 | 19.67 | 19.67 |
| 1600 | 18.39 | 19.67 | 19.67 |
| 1630 | [illegible] | 23.54 | 26.07 |
| 1700 | 25.47 | 23.54 | 26.07 |
| 1730 | 25.47 | 23.54 | 26.06 |
| 1800 | 25.47 | 23.54 | 26.06 |
| 1830 | 25.52 | 26.33 | 28.91 |
| 1900 | 18.54 | 28.09 | 30.65 |
| 1930 | [illegible] | 28.09 | 30.64 |
| 2000 | 18.39 | 28.05 | 30.62 |
| 2030 | 25.52 | 26.31 | 28.86 |
| 2100 | 32.50 | 23.26 | 25.72 |
| 2130 | 32.50 | 23.26 | 25.73 |
| 2200 | 32.50 | 23.26 | 25.75 |
| 2230 | 29.98 | 23.15 | 25.65 |
| 2300 | 25.52 | 19.67 | 19.67 |
| 2330 | 25.52 | 17.64 | 17.64 |
| 2400 | 18.48 | 17.64 | 17.64 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being [illegible]

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on [illegible]: Pool purchase price £/MWh | Real Prices for Trading on [illegible]: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 18.08 | 18.72 | 18.72 |
| 0100 | 32.60 | 28.07 | 31.19 |
| 0130 | 34.00 | 34.51 | 37.98 |
| 0200 | 34.63 | 34.61 | 37.99 |
| 0230 | 39.04 | 23.15 | 26.01 |
| 0300 | 39.04 | 20.95 | 23.70 |
| 0330 | 26.00 | 18.74 | 18.74 |
| 0400 | 19.17 | 18.10 | 18.10 |
| 0430 | 19.17 | 17.68 | 17.68 |
| 0500 | 18.48 | 17.60 | 17.60 |
| 0530 | 18.09 | 17.64 | 17.64 |
| 0600 | 32.50 | 18.58 | 18.58 |
| 0630 | 32.50 | 17.98 | 17.98 |
| 0700 | 19.17 | 19.05 | 19.05 |
| 0730 | 25.15 | 23.16 | 26.05 |
| 0800 | 27.37 | 23.16 | 26.03 |
| 0830 | 27.24 | 24.88 | 27.81 |
| 0900 | 27.37 | 24.88 | 27.80 |
| 0930 | 30.33 | 29.96 | 33.10 |
| 1000 | 30.33 | 29.96 | 33.09 |
| 1030 | 27.37 | 29.98 | 33.10 |
| 1100 | 27.24 | 25.00 | 27.92 |
| 1130 | 27.37 | 25.00 | 27.91 |
| 1200 | 27.24 | 25.00 | 27.91 |
| 1230 | 27.37 | 24.88 | 27.78 |
| 1300 | 26.70 | 24.86 | 27.76 |
| 1330 | 27.37 | 24.88 | 27.78 |
| 1400 | 25.82 | 23.48 | 26.38 |
| 1430 | 26.30 | 19.67 | 19.67 |
| 1500 | 25.30 | 19.67 | 19.67 |
| 1530 | 25.62 | 19.67 | 19.67 |
| 1600 | 25.62 | 19.67 | 19.67 |
| 1630 | 25.62 | 23.48 | 26.32 |
| 1700 | 30.50 | 24.88 | 27.74 |
| 1730 | 30.50 | 24.88 | 27.74 |
| 1800 | 30.50 | 23.48 | 26.30 |
| 1830 | 25.62 | 26.80 | 29.71 |
| 1900 | 25.62 | 28.14 | 31.04 |
| 1930 | 24.81 | 28.13 | 31.03 |
| 2000 | 19.00 | 28.05 | 30.96 |
| 2030 | 25.62 | 24.69 | 27.72 |
| 2100 | 36.53 | 23.48 | 26.29 |
| 2130 | 36.53 | 23.30 | 26.11 |
| 2200 | 36.53 | 23.16 | 25.98 |
| 2230 | 25.00 | 23.16 | 25.99 |
| 2300 | 24.19 | 18.72 | 18.72 |
| 2330 | 24.19 | 17.98 | 17.98 |
| 2400 | 18.37 | 18.58 | 18.56 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being [illegible]

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# FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Thursday, April 8, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

| COUNTRY | | £ STG | US $ | D-MARK | YEN (X 100) |
|---|---|---|---|---|---|
| Afghanistan | (Afghani) | 90.25 | 65.0818 | 40.5102 | 57.2871 |
| Albania | (Lek) | 168.025 | 110.18 | 68.5816 | 96.9841 |
| Algeria | (Dinar) | 34.4289 | 22.5769 | 14.053 | 19.8729 |
| Andorra | (Fr Fr) | 8.2925 | 5.4377 | 3.3846 | 4.7864 |
| | (Sp Peseta) | 173.25 | 113.607 | 70.7142 | 100 |
| Angola | (Kwanza) | [illegible] | 6901.07 | 4295.56 | 6074.53 |
| Antigua | (E Carr $) | 4.1243 | 2.7044 | 1.6833 | 2.3805 |
| Argentina | (Peso) | 1.5248 | 0.9998 | 0.6223 | 0.8801 |
| Aruba | (Florin) | 2.7342 | 1.7929 | [illegible] | 1.5781 |
| Australia | (Aus $) | 2.1525 | 1.4114 | 0.8785 | 1.2424 |
| Austria | (Schilling) | 17.265 | 11.3213 | 7.0469 | 9.9653 |
| Azores | (Port Escudo) | 228.50 | 149.836 | 93.2653 | 131.89 |
| Bahamas | (Bahama $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Bahrain | (Dinar) | 0.5724 | 0.3753 | 0.2336 | 0.3303 |
| Balearic Is | (Sp Peseta) | 175.95 | 115.377 | 71.8163 | 101.558 |
| Bangladesh | (Taka) | 59.254 | 38.855 | 24.1858 | 34.2014 |
| Barbados | (Barb $) | 3.0723 | 2.0146 | [illegible] | 1.7733 |
| Belgium | (Belg Fr) | 50.50 | 33.1147 | 20.6122 | 29.1486 |
| Belize | (B $) | 3.0550 | 2.0032 | 1.2469 | 1.7633 |
| Benin | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Bermuda | (Bermudian $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Bhutan | (Ngultrum) | 47.3773 | 31.067 | 19.3376 | 27.3462 |
| Bolivia | (Boliviano) | 6.4002 | 4.1968 | 2.6123 | 3.6941 |
| Botswana | (Pula) | 3.5753 | 2.3444 | 1.4593 | 2.0636 |
| Brazil | (Cruzeiro) | 40920.9 | 26833.4 | 16702.4 | 23619.6 |
| Brunei | (Brunei $) | 2.4808 | 1.6267 | 1.0125 | 1.4319 |
| Bulgaria | (Lev) | 37.88 | 24.8393 | 15.4612 | 21.8643 |
| Burkina Faso | (CFA Fr) | 414.62 | 271.882 | [illegible] | 239.319 |
| Burma | (Kyat) | 9.4750 | 6.2131 | 3.8673 | 5.4689 |
| Burundi | (Burundi Fr) | 351.85 | 230.721 | 143.612 | 203.088 |
| Cambodia | (Riel) | 5804.50 | 3806.23 | 2369.18 | 3350.36 |
| Cameroon | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Canada | (Canadian $) | 1.9175 | 1.2573 | 0.7826 | 1.1067 |
| Canary Is | (Sp Peseta) | 175.95 | 115.377 | 71.8163 | 101.558 |
| Cp. Verde | (CV Escudo) | [illegible] | 74.3213 | 46.2612 | 65.4189 |
| Cayman Is | (CI $) | 1.2984 | 0.8514 | 0.5299 | 0.7494 |
| Cent.Afr. Rep | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Chad | (CFA Fr) | [illegible] | 271.882 | 169.233 | 239.319 |
| Chile | (Chilean Peso) | 613.08 | 402.02 | 250.237 | 353.87 |
| China | (Renminbi Yuan) | 8.6567 | 5.6758 | 3.5329 | 4.996 |
| Colombia | (Col Peso) | 1281.91 | 840.587 | 523.229 | 739.919 |
| CIS ‡ | (Rouble) | 0.8628o | 0.5657 | 0.3521 | 0.498 |
| | | [illegible] | 685.846 | 426.78 | 603.527 |
| Comoros | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Congo (Brazz) | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Costa Rica | (Colon) | 211.16 | 138.466 | 86.1877 | 121.882 |
| Côte d'Ivoire | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Croatia | (Dinar) | 2333.9785 | 1530.48 | 952.644 | 1347.17 |
| Cuba | (Cuban Peso) | 1.1569 | 0.7586 | 0.4722 | 0.6677 |
| Cyprus | (Cyprus £) | 0.7391 | 0.4846 | 0.3016 | 0.4266 |
| Czech Rep. | (Koruna) | 43.275c | 28.377 | 17.6632 | 24.9783 |
| | | 41.85t | 27.4426 | 17.0816 | 24.1558 |
| Denmark | (Danish Kroner) | [illegible] | 6.1721 | 3.8418 | 5.4329 |
| Djibouti Rep | (Djib Fr) | 267.00 | 175.082 | 108.98 | 154.113 |
| Dominica | (E Carib $) | 4.1243 | 2.7044 | 1.6833 | 2.3805 |
| Dominican Rep | (D Peso) | 19.8575 | [illegible] | 8.1051 | [illegible] |
| Ecuador | (Sucre) | 2887.12o | 1890.08 | 1170.25 | 1654.9 |
| | | [illegible] | 1853.03 | 1153.42 | 1631.09 |
| Egypt | (Egyptian £) | 5.0150 | 3.2885 | 2.0469 | 2.8946 |
| El Salvador | (Colon) | 13.3856 | 8.7643 | 5.4653 | 7.7146 |
| Equat'l Guinea | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Estonia | (Kroon) | 19.4400 | 12.7475 | 7.9346 | 11.2207 |
| Ethiopia | (Ethiopian Birr) | 7.5186 | 4.9289 | 3.068 | 4.3385 |
| Falkland Is | (Falk £) | 1.00 | 0.6557 | 0.4081 | [illegible] |
| Faroe Is | (Danish Kroner) | 8.4125 | 6.1721 | 3.8418 | 5.4329 |
| Fiji Is | (Fiji $) | 2.3315 | 1.5288 | 0.9516 | 1.3457 |
| Finland | (Markka) | 8.7850 | 5.7606 | 3.5857 | 5.0707 |
| France | (Fr) | 8.2925 | 5.4377 | 3.3846 | [illegible] |
| Fr. Cty/Africa | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Fr. Guiana | (Local Fr) | 8.2925 | 5.4377 | 3.3846 | 4.7864 |
| Fr. Pacific Is | (CFP Fr) | 148.00 | 97.0491 | 60.4081 | 85.4256 |
| Gabon | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |

| COUNTRY | | £ STG | US $ | D-MARK | YEN (X 100) |
|---|---|---|---|---|---|
| Gambia | (Dalasi) | 12.9838 | 8.5139 | 5.2995 | 7.4942 |
| Germany | (D-Mark) | 2.4500 | 1.6065 | 1 | 1.4141 |
| Ghana | (Cedi) | 900.00 | 590.164 | 367.347 | 519.481 |
| Gibraltar | (Gib £) | 1.00 | 0.6557 | 0.4081 | 0.5772 |
| Greece | (Drachma) | 334.945 | 219.636 | 136.712 | 193.33 |
| Greenland | (Danish Kroner) | 9.4125 | 6.1721 | 3.8418 | 5.4329 |
| Grenada | (E Carr $) | 4.1243 | 2.7044 | 1.6833 | 2.3805 |
| Guadeloupe | (Local Fr) | 8.2925 | 5.4377 | 3.3846 | 4.7864 |
| Guam | (US $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Guatemala | (Quetzal) | 8.3554 | 5.4789 | 3.4103 | 4.8227 |
| Guinea | (Fr) | 1240.77 | 813.62 | 506.437 | 716.173 |
| Guinea-Bissau | (Peso) | 7637.50 | 5008.2 | 3117.35 | 4408.37 |
| Guyana | (Guyanese $) | 192.465 | 126.207 | 78.5571 | 111.091 |
| Haiti | (Gourde) | 18.3300 | 12.0196 | 7.4816 | 10.58 |
| Honduras | (Lempira) | 9.0275 | 5.9196 | 3.6846 | 5.2106 |
| Hong Kong | (HK $) | 11.8018 | 7.7389 | 4.817 | 6.812 |
| Hungary | (Forint) | 134.48 | 88.1836 | 54.8897 | 77.6219 |
| Iceland | (Icelandic Krona) | 98.50 | 64.5901 | 40.204 | 56.8542 |
| India | (Indian Rupee) | 47.3773 | 31.067 | 19.3376 | 27.3462 |
| Indonesia | (Rupiah) | 3140.625 | 2059.55 | 1281.87 | 1812.89 |
| Iran | (Rial) | 2339.00v | 1533.77 | 954.694 | 1350.07 |
| | | 98.30o | 64.459 | 40.1224 | 56.7388 |
| Iraq | (Iraqi Dinar) | 0.5936 | 0.3892 | 0.2422 | 0.3426 |
| Irish Rep | (Punt) | 1.0035 | 0.658 | 0.4095 | 0.5792 |
| Israel | (Shekel) | 4.1260 | 2.7055 | 1.684 | 2.3815 |
| Italy | (Lira) | 2397.75 | 1572.3 | 978.673 | 1383.98 |
| Jamaica | (Jamaican $) | 33.2384 | 21.7956 | 13.5666 | 19.1852 |
| Japan | (Yen) | 173.25 | 113.607 | 70.7142 | 100 |
| Jordan | (Jordanian Dinar) | 1.0509 | 0.6891 | 0.4289 | 0.6065 |
| Kenya | (Kenya Shilling) | 60.000 | 39.3442 | 24.4897 | 34.632 |
| Kiribati | (Australian $) | 2.1525 | 1.4114 | 0.8785 | 1.2424 |
| Korea North | (Won) | 3.2841 | 2.1535 | 1.3404 | 1.8955 |
| Korea South | (Won) | 1207.05 | 791.508 | 492.673 | 696.71 |
| Kuwait | (Kuwaiti Dinar) | 0.4565 | 0.2993 | 0.1863 | 0.2634 |
| Laos | (New Kip) | 1099.80 | 721.18 | 448.898 | 634.805 |
| Lebanon | (Lebanese £) | 2640.87 | 1731.72 | 1077.91 | 1524.31 |
| Lesotho | (Maluti) | 4.8475 | 3.1786 | 1.9785 | 2.7979 |
| Liberia | (Liberian $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Libya | (Libyan Dinar) | 0.4537 | 0.2975 | 0.1851 | 0.2618 |
| Liechtenstein | (Swiss Fr) | 2.2575 | 1.4803 | 0.9214 | 1.303 |
| Luxembourg | (Lux Fr) | 50.50 | 33.1147 | 20.6122 | 29.1486 |
| Macao | (Pataca) | 12.2012 | 8.0007 | 4.98 | 7.0425 |
| Madagascar | (MG Fr) | 2733.30 | 1792.33 | 1115.63 | 1577.86 |
| Madeira | (Port Escudo) | 228.50 | 149.836 | 93.2653 | 131.89 |
| Malawi | (Kwacha) | 6.6127 | 4.3361 | 2.699 | 3.8168 |
| Malaysia | (Ringgit) | 3.9315 | 2.578 | 1.6046 | 2.2692 |
| Maldive Is | (Rufiya) | 18.2918 | 11.9946 | 7.466 | 10.558 |
| Mali Rep | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Malta | (Maltese £) | 0.5731 | 0.3758 | 0.2339 | 0.3307 |
| Martinique | (Local Fr) | 8.2925 | 5.4377 | 3.3846 | 4.7864 |
| Mauritania | (Ouguiya) | 173.84 | 113.993 | 70.9551 | 100.341 |
| Mauritius | (Maur Rupee) | 26.0592 | 17.088 | 10.6364 | 15.0413 |
| Mexico | (Mexican Peso) | 4.7290 | 3.1009 | 1.9302 | 2.7295 |
| Miquelon | (Local Fr) | 8.2925 | 5.4377 | 3.3846 | 4.7864 |
| Monaco | (French Fr) | 8.2925 | 5.4377 | 3.3846 | 4.7864 |
| Mongolia | (Tugrik) | 229.125 | 150.246 | 93.5204 | 132.251 |
| Montserrat | (E Carr $) | 4.1243 | 2.7044 | 1.6833 | 2.3805 |
| Morocco | (Dirham) | 13.5147 | 8.862 | 5.5162 | 7.8006 |
| Mozambique | (Metical) | 4223.61 | 2769.58 | 1723.92 | 2437.87 |
| Namibia | (S A Rand) | 4.8475 | 3.1786 | 1.9785 | 2.7979 |
| Nauru Is | (Australian $) | 2.1525 | 1.4114 | 0.8785 | 1.2424 |
| Nepal | (Nepalese Rupee) | 70.7084 | 46.3661 | 28.8605 | 40.8129 |
| Netherlands | (Guilder) | 2.7550 | 1.8065 | 1.1244 | 1.5901 |
| N'nd Antilles | (A/Guilder) | 2.7342 | 1.7929 | 1.116 | 1.5781 |
| New Zealand | (NZ $) | 2.8398 | 1.8621 | 1.1591 | 1.6391 |
| Nicaragua | (Gold Cordoba) | 9.2722 | 6.0801 | 3.7845 | 5.3519 |
| Niger Rep | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Nigeria | (Naira) | 48.6240r | 31.8845 | 19.8466 | 28.0658 |
| Norway | (Nor. Krone) | 10.4375 | 6.8442 | 4.2602 | 6.0245 |
| Oman | (Rial Omani) | 0.5846 | 0.3836 | 0.2386 | 0.3374 |

| COUNTRY | | £ STG | US $ | D-MARK | YEN (X 100) |
|---|---|---|---|---|---|
| Pakistan | (Pak. Rupee) | 40.3163 | 26.4369 | 16.4556 | 23.2785 |
| Panama | (Balboa) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Papua New Guinea | (Kina) | 1.4750 | 0.9672 | 0.602 | 0.8513 |
| Paraguay | (Guarani) | 2617.37 | 1716.31 | 1068.31 | 1510.75 |
| Peru | (New Sol) | 2.8300 | 1.8557 | 1.1551 | 1.6334 |
| Philippines | (Peso) | 38.8053 | 25.446 | 15.8388 | 22.3984 |
| Pitcairn Is | (£ Sterling) | 1.00 | 0.6557 | 0.4081 | 0.5772 |
| | (NZ $) | 2.8398 | 1.8621 | 1.1591 | 1.6391 |
| Poland | (Zloty) | 25172.00 | 16506.2 | 10274.3 | 14529.3 |
| Portugal | (Escudo) | 228.50 | 149.836 | 93.2653 | 131.89 |
| Puerto Rico | (US $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Qatar | (Riyal) | 5.5274 | 3.6245 | 2.256 | 3.1904 |
| Reunion Is. de la | (F Fr) | 8.2925 | 5.4377 | 3.3846 | 4.7864 |
| Romania | (Leu) | 906.730 | 594.57 | 370.09 | 523.359 |
| Rwanda | (Fr) | 213.10 | 139.738 | 86.9795 | 123.001 |
| St Christopher | (E Carr $) | 4.1243 | 2.7044 | 1.6833 | 2.3805 |
| St Helena | (£) | 1.00 | 0.6557 | 0.4081 | 0.5772 |
| St Lucia | (E Carr $) | 4.1243 | 2.7044 | 1.6833 | 2.3805 |
| St Pierre | (French Fr) | 8.2925 | 5.4377 | 3.3846 | 4.7864 |
| St Vincent | (E Carr $) | 4.1243 | 2.7044 | 1.6833 | 2.3805 |
| San Marino | (Italian Lira) | 2397.75 | 1572.3 | 978.673 | 1383.98 |
| Sao Tome | (Dobra) | 366.60 | 240.393 | 149.633 | 211.602 |
| Saudi Arabia | (Riyal) | 5.7238 | 3.7533 | 2.3362 | 3.3007 |
| Senegal | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Seychelles | (Rupee) | 7.7747 | 5.0981 | 3.1733 | 4.4875 |
| Sierra Leone | (Leone) | 824.85 | 540.885 | 336.673 | 476.104 |
| Singapore | ($) | 2.4808 | 1.6267 | 1.0125 | 1.4319 |
| Slovakia | (Koruna) | 43.275c | 28.377 | 17.6632 | 24.9783 |
| | | 41.85t | 27.4426 | 17.0816 | 24.1558 |
| Slovenia | (Tolar) | 158.045 | 103.636 | 64.5081 | 91.2236 |
| Solomon Is | ($) | 4.7900 | 3.1409 | 1.9551 | 2.7647 |
| Somali Rep | (Shilling) | 4002.05 | 2624.3 | 1633.49 | 2309.99 |
| South Africa | (Rand) | 4.8475c | 3.1786 | 1.9785 | 2.7979 |
| | | 6.9685q | 4.5695 | 2.8442 | 4.0222 |
| Spain | (Peseta) | 175.95 | 115.377 | 71.8163 | 101.558 |
| Spanish Ports in N Africa | (Sp Peseta) | 175.95 | 115.377 | 71.8163 | 101.558 |
| Sri Lanka | (Rupee) | 72.3870 | 47.4668 | 29.5457 | 41.7818 |
| Sudan Rep | (Dinar) | 15.28 | 10.0196 | 6.2367 | 8.8196 |
| Surinam | (Guilder) | 2.7268 | 1.7879 | 1.1128 | 1.5737 |
| Swaziland | (Lilangeni) | 4.8475 | 3.1786 | 1.9785 | 2.7979 |
| Sweden | (Krona) | 11.6025 | 7.6081 | 4.7357 | 6.6969 |
| Switzerland | (Fr) | 2.2575 | 1.4803 | 0.9214 | 1.303 |
| Syria | (£) | 32.0775 | 21.0344 | 13.0928 | 18.5157 |
| Taiwan | ($) | 39.825 | 26.1147 | 16.2551 | 22.987 |
| Tanzania | (Shilling) | 521.80 | 342.033 | 212.898 | 301.088 |
| Thailand | (Baht) | 38.3725 | 25.1622 | 15.6622 | 22.1486 |
| Togo Rep | (CFA Fr) | 414.62 | 271.882 | 169.233 | 239.319 |
| Tonga Is | (Pa Anga) | 2.1525 | 1.4114 | 0.8785 | 1.2424 |
| Trinidad/Tobago | ($) | 6.4919 | 4.25 | 2.6497 | 3.7471 |
| Tunisia | (Dinar) | 1.5004 | 0.9836 | 0.6124 | 0.866 |
| Turkey | (Lira) | 14418.19 | 9453.24 | 5884.16 | 8321.03 |
| Turks & Caicos | (US $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Tuvalu | (Australian $) | 2.1525 | 1.4114 | 0.8785 | 1.2424 |
| Uganda | (New Shilling) | 1850.02 | 1213.13 | 755.11 | 1067.83 |
| U A E | (Dirham) | 5.6055 | 3.6757 | 2.2879 | 3.2354 |
| United Kingdom | (£) | 1.00 | 0.6557 | 0.4081 | 0.5772 |
| United States | (US $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Uruguay | (Peso) | 5.5311 | 3.6269 | 2.2575 | 3.1925 |
| Vanuatu | (Vatu) | 183.73 | 120.479 | 74.9918 | 106.049 |
| Vatican | (Lira) | 2397.75 | 1572.3 | 978.673 | 1383.98 |
| Venezuela | (Bolivar) | 129.1484 | 84.6874 | 52.7136 | 74.5445 |
| Vietnam | (Dong) | 16054.02 | 10527.2 | 6552.66 | 9266.39 |
| Virgin Is-British | (US $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Virgin Is-US | (US $) | 1.5250 | 1 | 0.6224 | 0.8802 |
| Western Samoa | (Tala) | 3.9077 | 2.5624 | 1.5949 | 2.2556 |
| Yemen (Rep of) | (Rial) | 25.2038 | 16.527 | 10.2872 | 14.5476 |
| Yemen (Rep of) | (Dinar) | 0.7103 | 0.4657 | 0.2899 | 0.4099 |
| Yugoslavia | (New Dinar) | 1145.625 | 751.23 | 467.603 | 661.255 |
| Zaire Rep | (Zaire) | 3870500.0 | 2538033 | 1579796 | 2234055 |
| Zambia | (Kwacha) | 744.07 | 487.915 | 303.702 | 429.476 |
| Zimbabwe | ($) | 9.7718 | 6.4075 | 3.9883 | 5.6401 |

Special Drawing Rights April 7, 1993 United Kingdom £0.923332 United States $1.40208 Germany D Mark N/A Japan Yen158.007
European Currency Unit Rates April 8, 1993 United Kingdom £0.793789 United States $1.20587 Germany D Mark 1.94610 Japan Yen138.307

*Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (f) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate; ‡ CIS applies to states in the Rouble Zone. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.*
Thursday April 8, 1993



**£30,000,000**
**BHH International Finance PLC**
**Guaranteed Secured Floating Rate Notes due 1996**

For the period from April 8, 1993 to July 8, 1993 the Notes will carry an interest rate of 6⅛% per annum with an interest amount of £1,556.22 per £50,000 and of £15,562.19 per £1,000,000 Note.

The relevant interest payment date will be July 8, 1993.

Agent Bank:
**Banque Paribas Luxembourg Société Anonyme**

# FLANDERS

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For a full editorial synopsis and advertisement details, please contact:

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**FT SURVEYS**

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# FT MANAGED FUNDS SERVICE

● Unit Trust prices are available from FT Cityline, call 0891 43 + the five-digit code listed after the unit trusts. Calls charged at 36p/minute cheap rate and 48p/minute at all other times.

## AUTHORISED UNIT TRUSTS

### Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE:

OFFER PRICE:

BID PRICE:

CANCELLATION PRICE:

TIME:

HISTORIC PRICING:

FORWARD PRICING:

SCHEME PARTICULARS AND REPORTS:

# FT MANAGED FUNDS SERVICE

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| Unit Name | Init Chrge | Canc. Price | Bid Price | Offer Price | Yield Gr's | City-line |
|---|---|---|---|---|---|---|
| **Scottish Provident Inv Mgt Ltd (1000)F** | | | | | | |
| 6 St Andrew Sq, Edinburgh EH2 2YA 031-558 2340 | | | | | | |
| Equity Growth Acc | 6 | 24.30 | 24.32xd | 26.24 | 2.95 | 41349 |
| Equity Growth Inc | 6 | 20.68 | 20.70 | 22.22 | 2.95 | 41350 |
| Intl Growth Acc | 6 | 27.28 | 27.58xd | 29.50 | 1.37 | 41351 |
| Intl Growth Inc | 6 | 25.89 | 26.16 | 28.00 | 1.37 | 41352 |
| Global Income Acc | 6 | 30.39 | 30.65 | 32.70 | 3.83 | 41353 |
| Global Income Inc | 6 | 24.02 | 24.14 | 25.84 | 3.83 | 41354 |
| Market Leaders Acc | 6 | 25.22 | 25.41 | 27.20 | 2.91 | 41355 |
| Market Leaders Inc | 6 | 21.01 | 21.17 | 22.68 | 2.91 | 41356 |
| **Scottish Widows' Fund Mngmt (0800)H** | | | | | | |
| PO Box 902, Edinburgh EH16 5BU 031-668 3724 | | | | | | |
| Equity Acc | 6 | 468.7 | 470.8 | 502.1 | 3.17 | 41363 |
| Equity Inc | 6 | 329.8 | 332.8 | 354.8 | 3.17 | 41364 |
| UK High Inc Acc | 6 | 224.9 | 227.6 | 242.7 | 4.14 | 41365 |
| UK High Inc | 6 | 164.7 | 166.8 | 177.7 | 4.14 | 41366 |
| Europe Acc | 6 | 256.4 | 258.6 | 275.8 | 1.27 | 41367 |
| Europe Inc | 6 | 245.9 | 248.1 | 264.6 | 1.27 | 41368 |
| Nth Amer Acc | 6 | 182.9 | 193.8 | 206.8 | 0.29 | 41369 |
| Nth Amer Inc | 6 | 183.3 | 184.2 | 196.4 | 0.29 | 41370 |
| Japanese Acc | 6 | 251.9 | 251.9 | 268.7 | - | 41371 |
| Global Acc | 6 | 180.6 | 180.6 | 192.6 | 1.01 | 41372 |
| Global Inc | 6 | 169.2 | 169.2 | 180.4 | 1.01 | 41373 |
| UK Spec Sits Acc | 6 | 107.4 | 108.5 | 118.8 | 3.65 | 47799 |
| UK Spec Sits Inc | 6 | 98.32 | 98.18 | 104.7 | 3.65 | 47789 |
| South East Asia | 6 | 137.6 | 139.8 | 149.1 | 0.79 | 47323 |
| **Seaper Easton Fund Mngt Ltd (1200)F** | | | | | | |
| Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex | | | | | | |
| Enquiries: 0277 227300 Dealing: 0277 261616 | | | | | | |
| Sector Recovery | 5 | 130.30 | 135.60 | 142.40 | 4.66 | 41515 |
| **Sharp (Albert E.) & Co (1000)F** | | | | | | |
| Admin: 5 Rayleigh Rd Hutton, Brentwood Essex | | | | | | |
| Enquiries: 0277 227300 Dealing: 0277 261616 | | | | | | |
| AES European | 5 | 107.20 | 107.80 | 113.50 | 0.82 | - |
| AES Intl Bond & Curr | 5 | 125.40 | 125.80 | 132.40 | 5.14 | 47424 |
| AES Postal Pension $ | 7 | £152.4 | 156.2 | 167.1 | - | 47257 |
| AES Smaller Cos | 5 | 80.27 | 82.10 | 65.37 | 1.93 | 46203 |
| AES UK General | 5 | 115.40 | 117.10 | 123.30 | 2.83 | - |
| **Sheppards Unit Trust Mngmt Ltd (1200)F** | | | | | | |
| 1 White Hart Yard, London Bridge SE1 071-407 5966 | | | | | | |
| Income | 5 | 385.38 | 385.38 | 409.98 | 4.31 | 40913 |
| Global Inc | 5 | 57.01 | 57.01 | 60.65 | 3.19 | 40916 |
| Brit Leaders | 5 | 307.47 | 307.47 | 327.1 | 2.17 | 40914 |

| Unit Name | Init Chrge | Canc. Price | Bid Price | Offer Price | Yield Gr's | City-line |
|---|---|---|---|---|---|---|
| **Whittingdale Unit Tst Mngmt Ltd (0830)F** | | | | | | |
| 2 Honey Lane, London EC2V 8BT 071-600 0482 | | | | | | |
| Challenger | 2¼ | 91.61 | 91.61 | 93.74 | 0.00 | 41596 |
| Short Dtd Gilt | 1¼ | 107.2 | 107.2xd | 108.8 | 3.60 | 41597 |
| U.S. Govmnt Bond | 1¼ | $0.7135 | 0.7135 | 0.7229 | 0.00 | 41598 |
| Gilt Income | 4 | 52.32 | 52.32xd | 54.44 | 7.60 | 47010 |
| Gilt Growth | 4 | 66.50 | 66.50 | 69.20 | 0.00 | 47009 |
| City Reserve | 0 | 52.50 | 52.60 | 52.60 | 5.83 | [illegible] |
| **Woolwich Unit Trust Managers Ltd (1700)H** | | | | | | |
| 2 White Oak Square, Swanley BR8 7AG 081-298 4000 | | | | | | |
| StockMarket Fd | 5 | 65.47 | 65.70 | 69.89 | 1.95 | [illegible] |

## OTHER UK UNIT TRUSTS

| | Bid Price | Offer Price | Yield Gross | City-line |
|---|---|---|---|---|
| **Baillie Gifford & Co Ltd** | | | | |
| Int'l Exgt Mar 31 | 842.8 | 882.4 | 1.16 | [illegible] |
| **Baring Investment Mngmt Ltd** | | | | |
| 155 Bishopsgate, London EC2M 3XY | | | | |
| 071-214 1050 (general enquiries) 071-214 1004 (dealing) | | | | |
| Charitable Funds | | | | |
| UK Growth & Income | 58.66 | 64.38 | 3.4 | - |
| Income Plus | 50.73 | 51.78 | 7.8 | - |
| **James Capel Fund Managers Ltd** | | | | |
| European Exempt | £109.368 | 110.881 | 2.84 | - |
| Japanese Exempt | £137.312 | 139.472 | 0.71 | - |
| Managed Exempt | £129.536 | 130.883 | 2.96 | 40126 |
| North American Exempt | £101.027 | 102.934 | 1.17 | - |
| Pacific Exempt | £111.82 | 114.252 | 3.04 | - |
| **Cent. Bd. of Fin. of Church of England‡‡** | | | | |
| 2 Fore Street, London EC2Y 5AQ 071-588 1815 | | | | |
| Inv Fund Mar 31 | 606.20 | 612.50 | 4.72 | 40261 |
| Fxd Int Sec Feb 28 | 155.75 | 159.30 | [illegible] | 40252 |
| Deposit Fund: See Money Market Trust Funds | | | | |

## INSURANCES

Continued on next page

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# FT MANAGED FUNDS SERVICE

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Prolific Life & Pensions Ltd

Prosperity Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assce. Assn.

Prudential Assurance Co

Prudential Corporate Pension Funds

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Mutual Assurance plc - Contd.

Scottish Provident Institution

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Sun Life Unit Assurance Ltd - Contd.

Swiss Life (UK) PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Tunnelers Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Westbury Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

## OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

CMI Insurance Co Ltd

## MANAGEMENT SERVICES

Capital Trust Financial Management

Chase de Vere PLD

Fairmount Financial Services Ltd

Foster & Braithwaite

Northumber Financial Services(Pty) Ltd

Century Life International Ltd

Eagle Star Intl Life

Equitable Life (International)

Eurolife Assurance Group

Finance International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

Lloyd George Management

Orion Fund Limited

Pacific Life Ltd

Prolific Life

Royal Life Intl Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

Wanchai Finance

IPS Capital Management PLC

Independent Financial Group PLC

Johnson Fry Asset Managers Plc

Kleinwort Benson

Lazard Fund Mngrs (Channel Islands) Ltd

Lion World Fixed Income Fund

M & G (Guernsey) Ltd

Northern Rock & Partners

Pendleton Hse Financial Services Ltd

Rothschild Asset Management

Royal Bank of Canada Offshore Fd Mgrs Ltd

Charles Stanley & Co Ltd

United Financial Corporation Ltd

J. D. Ward Financial Services Ltd

## OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## GUERNSEY (REGULATED)(**)

## IRELAND (SIB RECOGNISED)

Federated International Funds Plc

GAM Fund Management Ltd

## IRELAND (REGULATED)(**)

## ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs

## ISLE OF MAN (REGULATED)(**)

ATC Fund Management (IOM) Ltd

Celtic Asset Management

Morgan Grenfell Investment Funds Ltd

Swiss Life Investment Fund (a)

# FT MANAGED FUNDS SERVICE

● Unit Trust prices are available from FT Cityline. Call 0891 43 + the five-digit code listed after the unit trusts. Calls charged at 36p/minute cheap rate and 48p/minute at all other times.

| | Bid Price | Offer Price | Yield Gross | City-line |
|---|---|---|---|---|
| **R & H Fund Managers Ltd** | | | | |
| LFM Sterling Fd | £11.43 | 11.82 | - | 44495 |
| B.F. Offshore Inc Fd Ltd | £12.18 | 12.70 | - | 46580 |
| IMC Offshore Fd | £9.67 | 10.48 | - | 46450 |
| Nelson Mngr NAV 5/5 | £12.04 | 12.34 | - | 48581 |

## JERSEY (SIB RECOGNISED)

| Unit Name | Init Chrge | Canc. Price | Bid Price | Offer Price | Yield Gr's | City-line |
|---|---|---|---|---|---|---|
| **AIB Fund Managers (CI) Ltd** | | | | | | |
| PO Box 488 St Helier Jersey | | | | | | 0534 36633 |
| AIB Currency Funds Ltd | | | | | | |
| Intl Managed Bond | 5 | | £- 22.7574 | 22.7866 | - | 47337 |
| Managed Capital Bd | 5 | | £- 22.7885 | 22.8073 | - | 47794 |
| AIB Scotland Currency Fund Limited | | | | | | |
| Stg Mngd Currency | 5 | | £- | 11.1643 | - | 44685 |
| Sterling Currency Fd | 5 | | £- | 10.7368 | - | 44683 |
| Ecu Currency | 5 | | Ecu- | 11.1818 | - | 46982 |
| US Dollar Mngd Curr | 5 | | $- | 22.1988 | - | 47336 |
| **Barclays International Funds** | | | | | | |
| PO Box 152, St Helier, Jersey CI | | | | | | 0534 67888 |
| Equity Funds | | | | | | |
| Australian Eq (Inc) | 5¼ | £1.040 | 1.044 | 1.117 | 0.6 | 44738 |
| Global Income (Inc) | 5¼ | £0.550 | 0.556 | 0.595 | 2.2 | 44730 |
| Global Resources | 5¼ | £0.452 | 0.457 | 0.489 | 0.7 | 44742 |
| Currency Funds | | | | | | |
| Stg Premium Income | | £10.07 | | 10.08xd | 5.3 | 47920 |
| Sterling | | £- | | 23.98 | 5.1 | 44718 |
| US Dollar | | $- | | 32.87 | 1.8 | 44718 |
| Deutschemark | | DM- | | 62.06 | 7.2 | 44720 |
| Yen | | Y- | | 4243 | 3.0 | 44721 |
| Managed Multicurrency | | £- | 15.39 | 15.94 | - | 44722 |
| Managed Multicurrency | | $- | 26.15 | 27.08 | - | 44723 |
| Bond Funds | | | | | | |
| Sterling Bond | 3½ | £- | 0.440xd | 0.457 | 6.9 | 44724 |
| **Capital House Fund Mgrs (CI) Ltd (0900)H** | | | | | | |
| PO Box 189, St Helier, Jersey | | | | | | 0534 74689 |
| Capital House International Growth Funds Ltd | | | | | | |
| Equities | | | | | | |
| UK Equity | 6½ | £1.449 | 1.468 | 1.558 | - | 44910 |

| | Bid Price | Offer Price | Yield Gross | City-line |
|---|---|---|---|---|
| **Perpetual UT Mngrs (Jersey) Ltd** | | | | |
| Offshore Intl Gwth Fd | $3.9998 | 4.2411 | - | 45591 |
| Offshore Japanese Gwth Fd | $1.1722 | 1.2458 | - | 47690 |
| Offshore Am Gwth Fd | $6.6246 | 7.0402 | - | 45592 |
| Offshore Emerging Cos | $4.4094 | 4.6856 | - | 45593 |
| Offshore European Fd | $1.6269 | 1.7290 | - | 45594 |
| Offshore Asia Smaller Mkts | $0.9485 | 1.0080 | - | - |
| Offshore Global Bond | $1.0229 | 1.0858 | - | - |
| Offshore Global Bond Acc | $1.0229 | 1.0858 | - | - |
| Offshore Far Eastrn Fd | $2.8935 | 3.0742 | - | 45595 |
| Offshore UK Growth Fd | $2.1914 | 2.3289 | - | 45596 |
| **The Portugal Fund Limited** | | | | |
| Lloyds Bank Trust Company (Channel Islands) Ltd | | | | |
| NAV Apr 2 | $4.41 | | - | 47455 |
| **Royal Bk of Scotland Fd Mngrs (Jersey) Ltd** | | | | |
| Ivory Growth Fund | £18.38 | 18.83 | 1.43 | 45838 |
| LFM Defensive Strtgy | £12.48 | 13.17 | - | 41663 |
| **Royal Trust Intl Fd Mngt Ltd** | | | | |
| Sterling Fxd Int IXI† | 100.70 | 101.80 | 6.78 | 45738 |
| Internatnl Bond IXI† | $1.1580 | 1.167 | 5.14 | 45740 |
| †Prices on Mar 31 Next dealing Apr 14 | | | | |
| **Schroder Mngt Services (Jersey) Ltd** | | | | |
| Schroder Money Funds Ltd | | | | |
| Sterling | £37.1733 | | 5.11 | 45763 |
| US $ | $49.0281 | | 1.83 | 45764 |
| D-Mark | DM85.2708 | | 7.37 | 45765 |
| Swiss Franc | SFr78.5205 | | 3.70 | 45766 |
| Yen | Y3195.41 | | 2.09 | 45767 |
| **Schroder Worldwide Money Fund Ltd** | | | | |
| Sterling | £26.0251 | | 6.07 | 45808 |
| US $ | $37.5004 | | 2.48 | 45809 |
| D-Mark | DM82.2347 | | 7.21 | 45810 |
| Swiss Franc | SFr80.7872 | | 5.54 | 45811 |
| Japanese Yen | Y7734.3058 | | 2.58 | 45812 |
| Australian $ | A$42.1859 | | 4.58 | 45813 |
| Canadian $ | C$34.6747 | | 5.21 | 45814 |
| Ecu | Ecu16.6884 | | 8.87 | 45815 |
| US$ Managed | $38.2548 | 40.4689 | 2.37 | 45816 |
| Sterling Managed | £24.4374 | 25.1932 | 4.01 | 45817 |
| **Schroder Worldwide Selection Fd Ltd** | | | | |
| Equity Class Funds | | | | |
| American | $15.08 | 15.98 | - | 45778 |

## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

| | Bid Price | Offer Price | Yield Gross | City-line |
|---|---|---|---|---|
| **Austro-Hungary Fund Ltd** | | | | |
| Lloyds Bank Fund Managers (Guernsey) Ltd | | | | |
| NAV Apr 1 | $5.89 | | - | 46196 |
| **BEA Associates** | | | | |
| Sth America NAV Apr 1 | $2.51 | | - | 45058 |
| Mexico Ltd Assets Mar 29 | $12.9503 | | - | 47117 |
| Argentina Debt Fd Mar 23 | $13.01 | | - | 47287 |
| | $12.93 | | - | - |
| | $100.23 | | - | - |
| **Julius Baer Bank & Trust Co Ltd** | | | | |
| Liquibaer | $2200.00 | 2201.00 | - | 44709 |
| **Bqe Fr Serv & Cr/Europ Inv Mgt Ltd** | | | | |

| | Bid Price | Offer Price | Yield Gross | City-line |
|---|---|---|---|---|
| **Global Asset Management-Contd.** | | | | |
| | Y13577 | | - | 45135 |
| GAM Bond Yen | DM112.60 | | - | 45136 |
| GAM Bond DM | £148.99 | | - | 45137 |
| GAM Bond £ | £125.08 | | - | 45667 |
| GAM Stg Special Bond | | | | |
| Swiss Registered Funds | | | | |
| GAM (CH) Mondial | SFr1446.95 | | - | 43763 |
| GAM (CH) Pacific | SFr2268.08 | | - | 43708 |
| GAM (CH) America | SFr1675.77 | | - | 43764 |
| GAM (CH) Europe | SFr87.08 | | - | 43767 |
| SIB Registered Funds | | | | |
| GAM Global Fd | $112.05 | | - | 45110 |
| GAM International Fd | $149.12 | | - | 45114 |
| GAM Nth America Fd | $121.00 | | - | 47982 |
| GAM Pacific Basin Fd | $146.43 | | - | 45125 |

| | Bid Price | Offer Price | Yield Gross | City-line |
|---|---|---|---|---|
| **ORIENT Growth Fd** | | | | |
| NAV | $10.37 | | - | 47655 |
| **PFC Internatl Portfolio Fd Mngt Ltd** | | | | |
| Specialist Growth Fd | $2.55 | | - | 45196 |
| Balanced Growth Fd | $2.49 | | - | 44954 |
| Sterling Income Fd | £1.64 | | - | 45192 |
| PFC-LCC A B | $12.95 | | - | 45138 |
| PFC LCC A B Stg Cl | £10.55 | | - | - |
| PFC Cap Guard Plus | $12.97 | | - | 44953 |
| PFC Emerging Mkts Plus | $10.62 | | - | 44962 |
| **PRS International** | | | | |
| PRS Dev'd Return | $9.65 | | - | 45587 |
| PRS Managed Futures | $13.83 | | - | 47865 |
| PRS Equities | $10.07 | | - | 47866 |
| PRS Hedged Equities | $11.15 | | - | 43902 |
| PRS Fixed Rate | $10.16 | | - | 47288 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGE AND MONEY MARKETS

# A stronger pound

THE FOCUS in currency markets may be back on sterling this week after several months in which the pound has been in the doldrums, *writes James Blitz.*

In the last week, the pound has shown new strength against the dollar and the D-Mark. On Thursday evening, it closed at DM2.4500 against the D-Mark and at 80.1 per cent on the Bank of England's sterling exchange rate index, which measures the pound against its 1985 value.

**UK clearing bank base lending rate**
***6 per cent***
**from January 26, 1993**

This was only the third time since January that the currency has been above 80 per cent on the ERI.

A raft of economic indicators could take the pound even higher this week. The inflation figures due out on Friday are expected to be more or less unchanged, while manufacturing output and industrial production numbers, due out on Wednesday, should show a modest rise.

But several factors could also undermine sterling's rise.

First, a stronger currency may trigger new speculation in the money markets that the UK authorities will cut interest rates. With the Bundesbank easing rates in what one analyst calls "weekly salami slices," any thought of an easing in UK monetary policy will undermine the currency.

Secondly, the UK authorities may not want the pound to rise too far. Recent surveys have highlighted the importance of sterling's devaluation in boosting the confidence of exporters.

In the view of economists at NatWest Markets in London, sterling may also be undermined by the Bank of England's continuing need to build up its foreign currency reserves following the Black Wednesday *débacle.* As the currency approaches DM2.50 against the D-Mark, the Bank of England may take the opportunity to sell the pound and buy the German currency.

### £ IN NEW YORK

| Apr.12 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.5470-1.5480 | 1.5255 1.5265 |
| 1 month | 0.35-0.33pm | 0.35 0.32pm |
| 3 months | 1.01-0.99pm | 1.00 0.97pm |
| 12 months | 3.30-3.22pm | 3.25 3.15pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | | Apr.8 | Previous |
|---|---|---|---|
| 8.30 | am | 79.8 | 79.8 |
| 9.00 | am | 79.9 | 80.0 |
| 10.00 | am | 79.9 | 79.9 |
| 11.00 | am | 79.9 | 79.9 |
| Noon | | 79.9 | 79.9 |
| 1.00 | pm | 79.9 | 79.8 |
| 2.00 | pm | 80.0 | 79.9 |
| 3.00 | pm | 80.1 | 79.8 |
| 4.00 | pm | 80.1 | 79.8 |

### CURRENCY MOVEMENTS

| Apr 8 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| Sterling | 80.1 | -30.05 |
| U.S Dollar | 64.8 | -12.90 |
| Canadian Dollar | 95.6 | -8.70 |
| Austrian Schilling | 115.5 | +17.25 |
| Belgian Franc | 116.1 | +2.00 |
| Danish Krone | 119.2 | +12.66 |
| D-Mark | 125.8 | +32.61 |
| Swiss Franc | 110.1 | +16.46 |
| Dutch Guilder | 119.9 | +21.37 |
| French Franc | 110.6 | -6.89 |
| Lira | 78.0 | -37.14 |
| Yen | 167.4 | +105.99 |
| Peseta | 86.6 | -24.50 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.7

### OTHER CURRENCIES

| Apr 8 | £ | $ |
|---|---|---|
| Argentina | 1.5235 - 1.5260 | 0.9980 - 0.9990 |
| Australia | 2.1515 - 2.1535 | 1.4090 - 1.4100 |
| Brazil | 40907.9 - 40933.9 | 26787.5 - 26798.0 |
| Finland | 8.7580 - 8.8110 | 5.6200 - 5.8400 |
| Greece | 331.630 - 338.280 | 216.300 - 222.700 |
| Hong Kong | 11.7980 - 11.8085 | 7.7315 - 7.7325 |
| Iran | 2339.00* | 1538.00* |
| Korea(Sth) | 1197.40 - 1218.70 | 793.10 - 799.30 |
| Kuwait | 0.45600 - 0.45700 | 0.30130 - 0.30180 |
| Luxembourg | 50.45 - 50.55 | 33.05 - 33.15 |
| Malaysia | 3.9285 - 3.9386 | 2.5755 - 2.5765 |
| Mexico | 4.7275 - 4.7305 | 3.0970 - 3.0990 |
| N.Zealand | 2.8380 - 2.8415 | 1.8590 - 1.8615 |
| Saudi Ar | 5.7180 - 5.7295 | 3.7495 - 3.7505 |
| Singapore | 2.4775 - 2.4840 | 1.6250 - 1.6260 |
| S.Af (Cm) | 4.8420 - 4.8530 | 3.1780 - 3.1800 |
| S.Af (Fn) | 6.9810 - 6.9750 | 4.5600 - 4.5700 |
| Taiwan | 39.75 - 39.90 | 26.05 - 26.15 |
| U.A.E. | 5.5990 - 5.6120 | 3.6715 - 3.6735 |

*Floating rate. Iran Official rate:598.50 598.30

### CURRENCY RATES

| Apr 8 | Bank § rate % | Special * Drawing Rights | European † Currency Unit |
|---|---|---|---|
| Sterling | - | 0.923332 | 0.783789 |
| U.S Dollar | 3.00 | 1.40208 | 1.20537 |
| Canadian $ | 6.00 | 1.76802 | 1.51636 |
| Austrian Sch | 7.00 | N/A | 13.6882 |
| Belgian Franc | 7.00 | N/A | 40.0484 |
| Danish Krone | 10.00 | 8.66275 | 7.47138 |
| D-Mark | 7.50 | N/A | 1.94510 |
| Dutch Guilder | 7.00 | 2.53734 | 2.18930 |
| French Franc | 10 | 7.64344 | 6.58132 |
| Italian Lira | 11.50 | N/A | 1895.65 |
| Japanese Yen | 2.50 | 159.907 | 138.287 |
| Norway Krone | - | 9.61165 | 8.27489 |
| Spanish Peseta | - | 161.769 | 139.787 |
| Swedish Krona | 11.50 | N/A | 9.20592 |
| Swiss Franc | 6.00 | N/A | 1.78356 |
| Greek Drach | 19 | N/A | 265.161 |
| Irish Punt | - | N/A | 0.795140 |

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Apr.7

### CHICAGO

[illegible]

### POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.83-1.84pm 12 Month 3.30-3.70pm.

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

### EURO-CURRENCY INTEREST RATES

[illegible]

### FT LONDON INTERBANK FIXING

[illegible]

### MONEY RATES

[illegible]

### LONDON MONEY RATES

[illegible]

### LONDON RECENT ISSUES

#### EQUITIES

[illegible]

#### FIXED INTEREST STOCKS

[illegible]

#### RIGHTS OFFERS

[illegible]

### BANK OF ENGLAND TREASURY BILL TENDER

[illegible]

### WEEKLY CHANGE IN WORLD INTEREST RATES

[illegible]

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 6 | Cyprus Popular Bank | 6 | NatWestminster | 6 |
| Allied Trust Bank | 6 | Duncan Lawrie | 6 | Nykredit Mortgage Bnk | 6.5 |
| AIB Bank | 6 | Equatorial Bank plc | 6 | ●Rea Brothers | 6 |
| ●Henry Ansbacher | 6 | Exeter Bank Limited | 7 | Roxburghe Bank Ltd | 6 |
| B & C Merchant Bank | 13 | Financial & Gen Bank | 7 | Royal Bk of Scotland | 6 |
| Bank of Baroda | 6 | ●Robert Fleming & Co | 6 | ●Smith & Williamson Secs | 6 |
| Banco Bilbao Vizcaya | 6 | Girobank | 6 | Standard Chartered | 6 |
| Bank of Cyprus | 6 | ●Guinness Mahon | 6 | TSB | 6 |
| Bank of Ireland | 6 | Habib Bank AG Zurich | 6 | Unibank plc | 6 |
| Bank of India | 6 | ●Hambros Bank | 6 | ●United Bk of Kuwait | 6 |
| Bank of Scotland | 6 | Heritable & Gen Inv Bk. | 6 | Unity Trust Bank Plc | 6 |
| Barclays Bank | 6 | ●Hill Samuel | 6 | Western Trust | 6 |
| Brit Bk of Mid East | 6 | C. Hoare & Co | 6 | Whiteaway Laidlaw | 6 |
| ●Brown Shipley | 6 | Hongkong & Shanghai. | 6 | Yorkshire Bank | 6 |
| CL Bank Nederland | 6 | Julian Hodge Bank | 6 | | |
| Citibank NA | 6 | ●Leopold Joseph & Sons | 6 | | |
| City Merchants Bank | 6 | Lloyds Bank | 6 | | |
| Clydesdale Bank | 6 | Meghraj Bank Ltd | 6 | | |
| The Co-operative Bank | 6 | McDonnell Douglas Bk. | 6 | | |
| Coutts & Co | 6 | Midland Bank | 6 | | |
| Credit Lyonnais | 6 | Mount Banking | 6 | | |

● Members of British Merchant Banking & Securities Houses Association

### STOCK INDICES

| | Apr 8 | Apr 7 | Apr 6 | Apr 5 | Apr 2 | Apr 1 | 1993 High | 1993 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 2821.8 | 2822.1 | 2832.2 | 2838.8 | 2869.9 | 2878.4 | 2957.3 | 2737.6 | 2957.3 | 986.9 |
| FT-SE Mid 250 | 3084.3 | 3083.7 | 3087.4 | 3090.8 | 3108.5 | 3107.2 | 3154.7 | 2876.3 | 3154.7 | 1379.4 |
| FT-SE-A 350 | 1401.2 | 1401.3 | 1405.5 | 1408.4 | 1422.2 | 1425.4 | 1457.1 | 1348.7 | 1457.1 | 664.5 |
| FT-A All-Share | 1384.98 | 1385.01 | 1389.20 | 1392.18 | 1405.13 | 1408.00 | 1438.22 | 1086.13 | 1438.22 | 61.92 |
| FT-SE Eurotrack 100 | 1151.40 | 1144.35 | 1147.49 | 1136.15 | 1140.36 | 1144.81 | 1167.52 | 1063.02 | 1200.27 | 900.46 |
| FT-SE Eurotrack 200 | 1211.26 | 1206.25 | 1210.06 | 1202.24 | 1215.52 | 1219.86 | 1232.53 | 1144.79 | 1248.79 | 936.62 |
| FT Ordinary | 2180.8 | 2182.6 | 2189.8 | 2196.7 | 2223.3 | 2223.1 | 2299.5 | 2124.7 | 2299.5 | 49.4 |
| FT Government Secs. | 97.20 | 97.20 | 96.92 | 96.84 | 97.10 | 96.86 | 98.04 | 93.28 | 127.40 | 49.18 |
| FT Fixed Interest | 112.95 | 112.88 | 112.78 | 112.83 | 112.73 | 112.67 | 113.83 | 108.67 | 113.83 | 50.53 |
| FT Gold Mines | 128.7 | 130.0 | 134.5 | 132.1 | 125.9 | 116.5 | 134.5 | 60.0 | 734.7 | 43.5 |

## LONDON SHARE SERVICE

### BRITISH FUNDS

[illegible]

### BRITISH FUNDS - Cont.

[illegible]

### OTHER FIXED INTEREST

[illegible]

Continued on next page

### FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

[illegible]

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Latest prices were unavailable for this edition. Markets open 9/4/93: Belgium, Italy, Japan, Malaysia.

## MONEY MARKET FUNDS

### Money Market Trust Funds

[illegible]

### Money Market Bank Accounts

[illegible]

NOTES - Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

## LONDON SHARE SERVICE

### AMERICANS

| | Notes | Price £ | W'k% ch'nge | Div gross | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|
| Abbott Labs | | 16¼xd | −2.3 | 68c | FeMyAuNv | 12.1 | 1503 |
| Allegheny & W | ♥ | 513p | −6.0 | [illegible] | – | – | – |
| Amdahl | | 411p | 2.8 | 10c | MrFeJaAu | 31.1 | – |
| Amer Cyanamid | | 32⅞ | −1.1 | $1.65 | MrJeSeDe | 4.3 | – |
| Amer Express | | 18xd | 6.5 | $1.00 | FeMyAuNv | 30.3 | 1594 |
| Amer T & T | | 35⅞xd | 2.2 | $1.32 | FeMyAuNv | 29.12 | 1597 |
| Ameritech | | 51 | 1.6 | $3.68 | FeMyAuNv | 28.3 | – |
| BankAmerica | | 33⅞xd | 1.3 | $1.40 | MrJeSeDe | 18.2 | 1744 |
| Bankers NY | | 47¼xd | 1.1 | $3.12 | ApJyOcJa | 24.12 | 1745 |
| Bell Atlantic | | 35¼ | −.7 | $2.68 | FeMyAuNv | 4.7 | – |
| BellSouth | | 35¾ | −.8 | $2.76 | FeMyAuNv | 5.4 | – |
| Bethlehem Steel | ♥ | 11¼xd | −2.7 | – | MrJeSeDe | 9.2 | 1821 |
| Bowater | | 1457pxd | −.7 | 60c | OcJaApJy | 9.3 | 1884 |
| CPC | | 28xd | −5.5 | $1.28 | JaApJyOc | 28.3 | 2283 |
| Cadiz Land Inc | ♥ | 70p | – | – | † | – | – |
| California Engy | | 1406p | −2.7 | – | – | – | – |
| Chase Manhattan | | 23¼xd | 2.8 | $1.20 | FeMyAuNv | 28.1 | 2108 |
| Chrysler | | 27⅛xd | 7.1 | 60c | ApJyOcJa | 10.3 | 2135 |
| Citicorp | | 19¼xd | 0.7 | – | – | 23.10 | 2141 |
| Colgate-Palm | | 39½xd | −7.9 | $1.34 | FeMyAuNv | 22.7 | 2184 |
| Cont'l Bank | | 1737p | −6.5 | 80c | DeMrJeSe | 31.5 | – |
| Dana | | 30¼xd | −1.2 | $1.60 | MrJeSeDe | 24.2 | 2306 |
| Data General | | 741p | −5.4 | – | – | – | – |
| Decora Inds | ♥ | 126p | – | – | † | – | – |
| Dun & Brad | | 38½ | 0.3 | $2.20 | MrJeSeDe | 13.2 | – |
| [illegible] | | 58⅝ | 1.6 | $2.20 | FeMyAuNv | 2.2 | 2410 |
| Echlin | | 16¼xd | 6.0 | 70c | JaApJyOc | 8.4 | 3046 |
| FPL | | 24⅝xd | 1.2 | $2.44 | MrJeSeDe | 25.6 | – |
| Ford Motor | | 35⅞ | 5.9 | $1.60 | MrJeSeDe | 26.1 | 2615 |
| Gen Elect | | 60⅛xd | 3.0 | $2.52 | JaApJyOc | 4.3 | 2675 |
| General Host | ♥ | 829p | −2.8 | 34c | † | 13.12 | – |
| Gillette | | 37½xd | −6.7 | 72c | MrJeSeDe | 27.1 | 2695 |
| Hasbro | | 20⅞ | – | 24c | FeApJyNv | 1.8 | – |
| Honeywell | | 21⅜xd | 2.6 | 88c | MrJeSeDe | 23.2 | 2919 |
| Houston Inds | | 31⅛ | 1.6 | $3.00 | MrJeSeDe | 10.11 | – |
| IBM | | 34⅛ | −1.6 | $2.16 | MrJeSeDe | 5.2 | 2986 |
| Ingersoll-Rand | | 20⅛xd | 2.2 | 70c | MrJeSeDe | 11.2 | 2979 |
| Lockheed | | 41⅛ | −.3 | $2.12 | MrJeSeDe | 19.2 | – |
| Lowe's | h | 2156p | −1.3 | 28c | JaApJyOc | 11.7 | – |

[illegible]

### CANADIANS

[illegible]

### BANKS

[illegible]

### BREWERS & DISTILLERS

[illegible]

### BUILDING MATERIALS

[illegible]

### BUILDING MATERIALS - Cont.

[illegible]

### BUSINESS SERVICES

[illegible]

### CHEMICALS

[illegible]

### CONGLOMERATES

[illegible]

### CONTRACTING & CONSTRUCTION

[illegible]

### ELECTRICALS

[illegible]

### ELECTRICITY

[illegible]

### ELECTRONICS

[illegible]

### ENGINEERING-AEROSPACE

[illegible]

### ENGINEERING-GENERAL

[illegible]

### ENGINEERING-GENERAL - Cont.

[illegible]

### FOOD MANUFACTURING

[illegible]

### FOOD RETAILING

[illegible]

### HEALTH & HOUSEHOLD

[illegible]

### HOTELS & LEISURE

[illegible]

### HOTELS & LEISURE - Cont.

[illegible]

### INSURANCE BROKERS

[illegible]

### INSURANCE COMPOSITE

[illegible]

### INSURANCE LIFE

[illegible]

### INVESTMENT TRUSTS

[illegible]

### INVESTMENT TRUSTS - Cont.

[illegible]

# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

| | Notes | Price | W'k % ch'nge | Div net | Dividends paid | Mkt cap£m | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| Scottish Inv | | 182½ | -1.3 | 4.82 | Feb Jul | 489.5 | 4.1 | 3953 |
| Warrants | | 43 | — | – | – | 21.9 | – | 5003 |
| Scot Mortgage | | 184 | -1.6 | 3.9 | Jul Dec | 863.7 | 2.11 | 5004 |
| Scot National Inc | | 69½ | 0.6 | 7.6 | ApJyOcJa | 142.9 | 15.2 | 3961 |
| Cap | | 23 | 4.5 | – | – | 14.7 | – | 3960 |
| Stepped Pf | | 152½ | 0.3 | 6.08 | Sep Mar | 48.7 | 15.2 | 3962 |
| Zero Div Pf | | 287½ | -.2 | – | – | 132.5 | – | 3954 |
| Warrants | | 3 | — | – | – | 0.38 | – | 3963 |
| Scot Value | | 79½ | — | 1.6 | Jan Oct | 38.1 | 7.9 | 2708 |
| Sec Alliance | | 1433 | -1.2 | 38.5 | Apr Oct | 275.1 | 1.3 | 3974 |
| Second Consid. | | 105 | -2.8 | – | – | 35.9 | – | 1070 |
| Second Market | | 322 | — | 2.8 | May | 31.9 | 6.4 | 3978 |
| Sec Tst Scot | | 80½ | -1.2 | 3.25 | Jul Dec | 257.8 | 2.11 | 3977 |
| Select Assets | | 122 | -3.2 | 1.2 | Apr | 35.3 | 1.3 | 5085 |
| Eq Ind Serl | | 131xd | -.8 | 4.25 | JaApJeOc | 23.1 | 8.4 | 4803 |
| Eq Ind SerII | | 131xd | -.8 | 4.25 | JaApJeOc | 27.8 | 8.4 | 5085 |
| SHIRESCOT | | 122 | — | 5.25 | DoMrJeSe | 15.6 | 1.3 | 1335 |
| Shires | | 252 | -.8 | 18.4 | ApJyOcJa | 63.5 | 15.3 | 4914 |
| 11pc Cv Ln '03/04 | | 2126½ | — | 011% | Sep Mar | 28.7 | 1.3 | 4012 |
| Siam Select | | 129 | — | 0.25 | Sep | 19.3 | 24.8 | 1367 |
| Warrants | | 34 | — | – | – | 1.02 | – | 1379 |

Net asset values supplied by NatWest Securities Limited in a guide only. See guide to London Share Service.

## INVESTMENT COMPANIES

## MEDIA

## MERCHANT BANKS

## METALS & METAL FORMING

## MISCELLANEOUS

## MOTORS

## OIL & GAS

## OIL & GAS - Cont.

## OTHER FINANCIAL

## OTHER INDUSTRIALS

## PACKAGING, PAPER & PRINTING

## PACKAGING, PAPER & PRINTING - Cont.

## PROPERTY

## STORES

## TELEPHONE NETWORKS

## TEXTILES

## TRANSPORT

## WATER

## SOUTH AFRICANS

## PLANTATIONS

## MINES

## MINES - Cont.

| | Notes | Price | W'k % ch'nge | Div net | Div cov | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| Hemlo Gold C$ | | 64¼ | -5.0 | Q20c | – | Dec Jan | 8.11 | – |
| Hemla West R | | 58 | -1.9 | – | – | – | – | – |
| Kenmare | | 9 | 2.8 | – | – | – | – | 1452 |
| Malinga Res. | | 16 | 7.1 | – | – | – | – | – |
| Nevan Res R | | 31 | 10.7 | – | – | – | – | 1185 |
| 5pc Ln Notes | | 28 | -8.7 | – | – | – | – | – |
| Oryx Gold | | 71 | 27.8 | – | | – | – | 3896 |
| Plateau | | 38 | — | – | – | – | – | 3487 |
| RTZ | | 660 | -4.5 | 19.5 | 1.1 | Dec Jul | 15.3 | 3889 |
| Vizcaya | | 5½ | -4.3 | – | – | – | – | 4193 |

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend; cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment: Cover does not apply to special payment. E Auction basis. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1992-93. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94. N Dividend based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

## FT Share Service

The following changes have been made to the FT Share Information Service: Additions: International Food Machinery (Business Services) and Atreus (Building Materials).

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3:45 pm April 12

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1993 High | 1993 Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 13¾ | 11½ | AAR Corp | 0.48 | 3.9 | 22 | 215 | 12⅜ | 12 | 12¼ | +⅛ |
| 27¼ | 20 | A L Labs A x | 0.18 | 0.8 | 37 | 225 | 24¼ | 23¼ | 23¼ | -1¼ |
| 61⅞ | 54⅝ | AMP Inc | 1.60 | 2.6 | 22 | 1823 | u61⅞ | 60¾ | 60¾ | |
| 70¼ | 55½ | AMR | | | 10 | 6133 | 69⅝ | 68 | 69½ | +1½ |
| 2 | 1⅛ | ARX | | | 10 | 38 | 1⅞ | d1⅛ | 1⅛ | -⅛ |
| 42½ | 29⅞ | ASA | 2.00 | 5.1 | 25 | 919 | 40 | 38⅞ | 38⅞ | -1½ |
| 30¾ | 22⅝ | Abbott Lab x | 0.68 | 2.7 | 17 | 9480 | 25¼ | 24⅜ | 25¼ | +1½ |
| 12⅝ | 10¼ | Abitibi Pr x | 0.50 | 4.4 | 3 | 6 | 11¼ | 11⅛ | 11¼ | -⅛ |
| 11⅜ | 10¾ | ACM Gvt In x | 0.96 | 8.5 | | 314 | 11¼ | 11⅛ | 11¼ | |
| 9¾ | 9⅛ | ACM GvOpp x | 0.79 | 8.5 | | 109 | 9⅜ | 9¼ | 9¼ | |
| 9⅝ | 8¾ | ACM Gvt Sp x | 0.79 | 8.4 | | 182 | 9⅜ | 9¼ | 9⅜ | |
| 11⅜ | 10½ | ACM Gvt Se | 0.96 | 8.7 | | 280 | 11⅛ | 11 | 11 | |
| 10⅞ | 9⅝ | ACM Man x | 1.08 | 10.2 | | 121 | 10⅝ | 10½ | 10⅝ | |
| 9⅜ | 8⅝ | ACM Managd x | 0.72 | 8.0 | | 167 | 9¼ | 9 | 9 | -⅛ |
| 8⅞ | 7¾ | Acme Cleve | 0.40 | 5.0 | 17 | 60 | 8⅛ | 8 | 8 | -⅛ |
| 9¼ | 6½ | Acme Elect | | | 700 | 34 | 7⅜ | 7 | 7 | -¼ |
| 16 | 12⅛ | Acuson | | | 12 | 389 | 13½ | 13⅛ | 13½ | +⅛ |
| 22¼ | 19⅝ | Adams Expr | 0.48 | 2.3 | 1 | 104 | 21¼ | 21 | 21¼ | |
| 55 | 45½ | Ad Micro | 3.00 | 5.5 | | 83 | 54⅞ | 53¾ | 54½ | +½ |
| 25½ | 17⅞ | Ad Micro P | 3.00 | 11.7 | 11 | 14328 | u26 | 25⅛ | 25⅝ | +⅝ |
| 7¾ | 5½ | Advest Grp | 0.16 | 2.3 | 14 | 42 | 7 | 6⅞ | 6⅞ | |
| 49⅝ | 41⅛ | Aegon ADR | 1.35 | 2.8 | 8 | 46 | 47½ | 46⅞ | 47½ | +⅝ |
| 53¾ | 43⅜ | Aetna Lf | 2.76 | 5.5 | 1010 | 1105 | 51 | 50⅞ | 50½ | +¼ |
| 14½ | 11½ | Affil A | 0.26 | 2.1 | 30 | 109 | 12¼ | 12⅛ | 12⅛ | -⅛ |
| 36⅞ | 33 | Aflac | 0.44 | 1.2 | 15 | 1984 | 35¾ | 34⅝ | 35¾ | +1 |
| 22⅛ | 17¼ | Ahmanson | 0.88 | 4.5 | 9 | 836 | 19¾ | 19⅜ | 19½ | +¼ |
| 7¾ | 4⅞ | Aileen Inc | | | 16 | 169 | 5 | d4¾ | 4¾ | -¼ |
| 48½ | 40⅜ | Air Pr Chm x | 0.86 | 2.0 | 16 | 3678 | 42⅜ | 41⅜ | 42 | +¼ |
| 23⅝ | 18⅛ | Airbne Frt | 0.30 | 1.3 | 185 | 333 | 22¾ | 22¼ | 22¼ | -⅜ |
| 25⅝ | 18¼ | Airgas Inc | | | 34 | 345 | 25½ | 24⅞ | 24⅞ | -⅛ |
| 14¼ | 10½ | Alrlease | 1.60 | 12.3 | 10 | 75 | 13⅛ | 12⅞ | 13 | |
| 105 | 101 | AlaPwr8.16 | 8.16 | 8.0 | | z100 | u105 | 105 | 102½ | |
| 105½ | 102½ | Alab 8.28C | 8.28 | 7.9 | | 4 | 104½ | 104 | 104½ | |
| 18 | 15⅝ | Alaska Air | 0.20 | 1.2 | 2 | 284 | 17½ | 17⅜ | 17⅜ | |
| 16⅝ | 14¼ | Albany Int | 0.35 | 2.2 | 145 | 145 | 16¼ | 15½ | 16 | +⅛ |
| 36⅞ | 23½ | AlCulvr B | 0.26 | 1.0 | 20 | 77 | u27⅞ | 27 | 27¼ | +½ |
| 25 | 21⅞ | AlCulvr A | 0.28 | 1.1 | 18 | 52 | 24⅝ | 24⅜ | 24½ | |
| 57⅞ | 46¾ | Albertsons | 0.72 | 1.3 | 26 | 907 | 55⅝ | 54¾ | 54¾ | +⅛ |

[illegible]

## - B -

[illegible]

## - C -

[illegible]

## - D -

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## - E -

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[illegible]

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Continued on next page

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# NYSE COMPOSITE PRICES

Continued from previous page

- S -

| 1993 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 22 | 17¼ | S Anita Rt | 1.36 | 7.1 | 28 | 702 | 19¼ | 18⅝ | 19⅛ | +¼ |
| 20¾ | 17 | SCOR US Cp | 0.32 | 1.7 | 48 | 21 | 19⅜ | 19⅜ | 19⅜ | |
| 25⅜ | 20 | SPS Techno | 1.28 | 5.1 | 18 | 60 | u25½ | 25 | 25¼ | -⅛ |
| 13⅞ | 12⅞ | Sabine Rt x | 2.09 | 15.1 | 10 | 49 | u13⅞ | 13¾ | 13⅞ | |
| 12⅞ | 8⅞ | Safecard | 0.10 | 0.8 | 16 | 429 | 12⅜ | 11¾ | 12⅜ | +⅝ |
| 23½ | 17 | Safeg'd Sc | | | 11 | 122 | 21⅝ | 20⅞ | 21⅝ | +⅜ |
| 24¾ | 19⅜ | SafetyKln | 0.36 | 1.8 | 25 | 1420 | 20⅜ | 20 | 20¼ | +⅛ |
| 14⅜ | 10⅞ | Safeway | | | 16 | 618 | 13⅝ | 13½ | 13½ | |
| 3 | 2 | SafewayW98 | | | | 3 | 2⅝ | 2⅝ | 2¾ | |
| 44½ | 37½ | StJoePaper | 0.20 | 0.5 | 79 | 91 | 40½ | 40 | 40½ | +½ |
| 37½ | 31 | StJosL&P | 1.76 | 4.7 | 16 | 6 | u37½ | 37¼ | 37½ | |
| 83¼ | 75 | St Paul's | 2.80 | 3.5 | 20 | 1390 | 80 | 79½ | 79⅞ | +¼ |
| 9⅝ | 6¼ | Salant Crp | | | 5 | 185 | 8⅞ | 8⅝ | 8¾ | +⅜ |
| 75¼ | 42½ | Sallie Mae | 1.20 | 2.8 | 10 | 3238 | 45¾ | 44⅞ | 45⅛ | +⅝ |
| 13⅞ | 13 | Salomon Br | 0.61 | 4.5 | | 522 | 13⅝ | 13¼ | 13⅝ | -¼ |
| 41⅞ | 35¾ | SalomonInc | 0.64 | 1.7 | 9 | 966 | 38⅞ | 38⅜ | 38⅝ | +⅝ |
| 28⅝ | 23¾ | SanDgo G&E | 1.48 | 5.7 | 14 | 305 | 26⅛ | 26 | 26⅛ | |
| 4⅜ | 3½ | SantaFeEDu | 0.40 | 10.3 | 43 | 10 | 4 | 3⅞ | 3⅞ | |
| 11¼ | 9⅛ | SantaFeERs | 0.16 | 1.4 | 167 | 3301 | u11⅞ | 11¼ | 11¾ | +½ |
| 39¾ | 35¾ | SantaFePac | 2.80 | 7.2 | 13 | 82 | 38¾ | 37⅝ | 38¾ | +1 |
| 15⅝ | 12¾ | SantaFeSth | 0.10 | 0.6 | 46 | 4861 | u16 | 15½ | 15¾ | +½ |
| 31⅛ | 24¾ | Sara Lee | 0.58 | 2.3 | 18 | 7682 | 25⅝ | 24⅞ | 25 | |
| 46½ | 40⅛ | Scana Corp | 2.74 | 6.0 | 16 | 1327 | 45¾ | 45⅜ | 45¾ | |
| 48⅝ | 43 | Seacorp x | 2.80 | 5.9 | 14 | 3243 | 47¾ | 47⅜ | 47½ | +⅛ |
| 38⅞ | 23⅞ | SchererRP | | | 23 | 701 | 26¾ | 25⅛ | 26⅛ | +⅞ |
| 63⅞ | 51¾ | ScheringPl | 1.56 | 2.7 | 16 | 2397 | 58½ | 55¾ | 58⅜ | +2¼ |
| 65 | 55⅞ | Sch'berger | 1.20 | 1.9 | 22 | 4356 | 64⅜ | 62⅝ | 63 | -1⅜ |
| 37¼ | 24⅞ | Schwab(C) | 0.30 | 0.8 | 17 | 459 | 36 | 35⅛ | 35¾ | +1 |
| 7¾ | 5⅝ | Schwitzer | | | 34 | 8 | 6¾ | 6⅝ | 6⅝ | -⅛ |

- T -

- U -

- V -

- W -

- X - Y - Z -

# AMEX COMPOSITE PRICES

3:45 pm April 12

3:30 pm April 12

# NASDAQ NATIONAL MARKET

- A - B - C - D - E - F - G - H - I - J - K - L - M - N - O - P - Q - R - S - T - U - V - W - X - Y - Z -

*THE FT INTERVIEW*

# New voice for familiar lines

## Goh Chok Tong, Singapore's prime minister, speaks to **Kieran Cooke**

There is nothing worse than coming on stage after a star performer. Mr Goh Chok Tong knows the feeling well.

Since he took over as Singapore's prime minister from Mr Lee Kuan Yew in November 1990, Mr Goh has faced constant comparisons with his predecessor's achievements during his 30 years of rule.

Under Mr Lee the island republic was transformed from a colonial backwater into a thriving city state, with one of the best standards of living in Asia. Income per head is now more than $12,000, one of the highest in the region and approaching the levels of Italy and the UK.

Mr Goh admits Mr Lee is a hard act to follow. "The prime minister's job is a huge one. It has been made even larger by Mr Lee Kuan Yew. Any successor will find the shoes he has left too big."

But the prime minister has signalled his intention to step out of his predecessor's shadow. "I do not intend to wear his shoes. I shall be myself and set my own style..."

This style, he argues, is a more open and consultative. There is more discussion of policy, he says – at least at the cabinet level of government. "Sometimes ideas come from him [Mr Lee], sometimes it's from the other ministers, very often it's from me."

Mr Goh has also sought to ease the strict regimentation of Singaporean society, relaxing stiff restrictions on some slightly risqué films. The carefully controlled Singapore media has been allowed to indulge in some mild criticism of official policies.

Such moves have brought change to the island, Mr Goh says. "There's a livelier arts scene. We set up a censorship committee. That's not just style. It came with several recommendations which we've accepted. Local plays now don't get edited by the ministry of information and arts."

For most observers, however, the extent of change has been limited. Part of the reason is the lingering influence of Lee Kuan Yew. Mr Lee took on the role of senior minister in Mr Goh's cabinet and still exercises a strong influence on policy. A 1991 ban on chewing gum – apparently because it might cause the doors on Singapore's ultra modern mass transit system to stick – is pointed to by opponents of the ruling People's Action Party as an example of the perpetuation of Mr Lee's intrusive policies.

But the modest nature of change also reflects a basic agreement between Mr Goh and Mr Lee over the conduct of politics. In particular, Mr Goh shares his predecessor's toughness when it comes to dealing with perceived threats to the smooth running of Singapore.

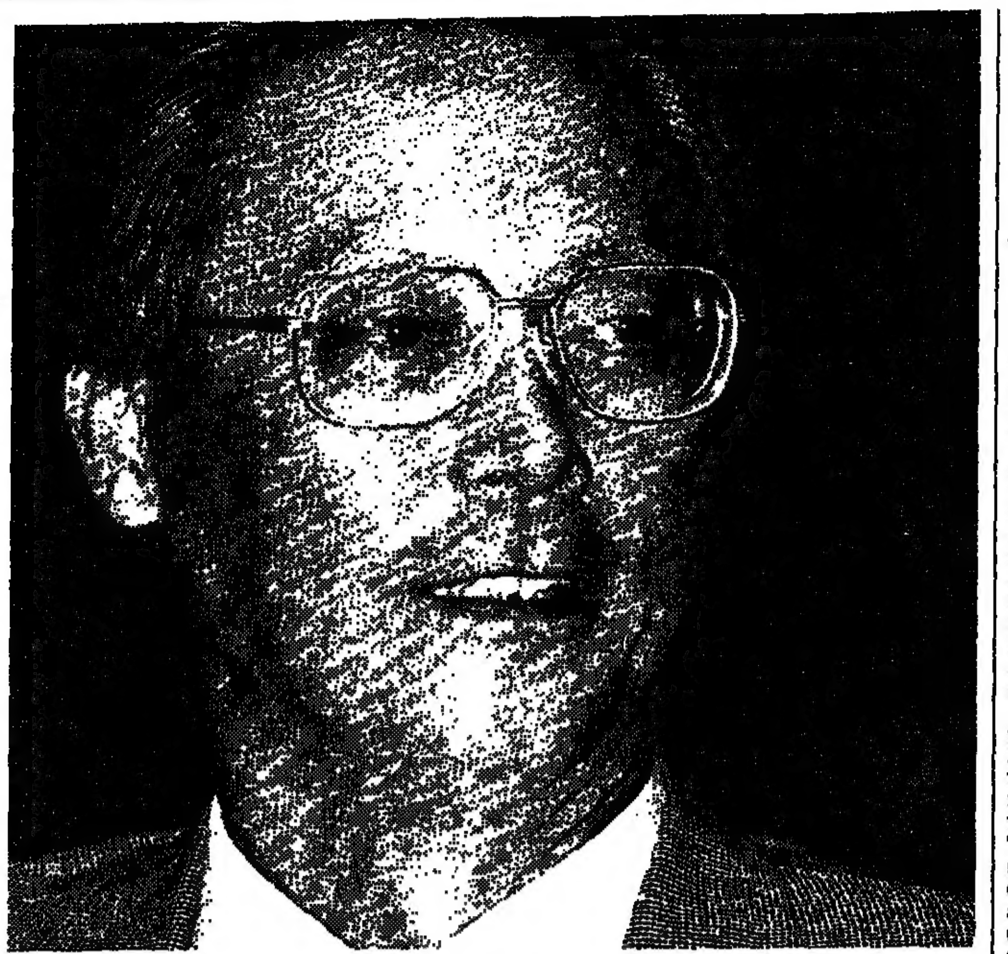
As deputy prime minister between 1985 and 1990 Mr Goh clamped down on a group of people who were campaigning for more rights for foreign workers in Singapore. The government said a Marxist conspiracy was afoot: several arrests were made.

Mr Goh was also responsible in the late 1980s for restricting the circulation of foreign publications such as the Asian Wall Street Journal and the Far Eastern Economic Review for publishing articles which the government believed could cause disruption in Singapore.

Such toughness, combined with his administrative capabilities lie behind Mr Goh's rise through the political establishment. Working his way steadily up the political ladder he became part of a group of "second generation" leaders who were being prepared to take over from Mr Lee.

But Mr Goh was not Mr Lee's first choice as prime minister. Like a Chinese company patriarch, Mr Lee had groomed his son, Mr Lee Hsien Loong, for the post of prime minister. Mr Lee junior, a reserve brigadier-general known as "BG" Lee, had made a name for himself as minister of trade and industry and one of Singapore's two deputy prime ministers. Mr Goh was portrayed as a "seat warmer" – an interim appointment until "BG" Lee, still only in his early 40s, was thought ready for office.

Mr Goh's initial political fortunes did nothing to ease the impression that his leadership would be temporary. In general elections called in mid 1991 by Mr Goh, the PAP saw its vote fall to the lowest level since the late 1960s. The opposition won its strongest showing in parliament. Although the PAP still managed to win 77 of the 81 seats and 61 per cent of the popular vote, the result was regarded as a blow to the party which has dominated Singaporean politics since independence in 1965.



**'I shall be myself and set my own style'**

But circumstances then buttressed Mr Goh's position. Last November it was announced that both "BG" Lee and Ong Teng Cheong, another deputy prime minister, had cancer. Mr Goh found himself in an entirely new position, no longer an interim appointment but a more permanent fixture. In a renewed attempt to gain what he considered a satisfactory political mandate, Mr Goh called a by-election last December in his own constituency. This time, the PAP won 72 per cent of the vote.

At the same time the prime minister took over the post of PAP secretary general from Mr Lee and put his own people in principal positions.

Mr Goh now appears far more politically comfortable than a year ago. "I see myself in this job for some time to come, even had there been nothing wrong with deputy prime minister Lee."

According to Mr Goh, "BG" Lee has responded well to cancer treatment and will return to his full role in government in the near future. Then, what many see as a battle for power between Mr Goh and the younger Lee could be resumed.

If a contest does emerge, Mr Goh will find his position strengthened by Singapore's improved economic circumstances. Fears early last year of an economic slowdown due to recession in Singapore's main export markets have evaporated. The Singapore economy grew by 5.8 per cent last year. Growth of 6-7 per cent is projected for this year.

Mr Goh argues that continued strong economic performance is his principal concern. Without it, he fears that the stability of the island republic might be threatened.

"I think that is part of our misfortune," says Mr Goh. We've got to worry all the time. If we lose our competitive edge, I think the whole house may collapse. To give an example, if we are not competitive, say, with China, we'll find that China will suck in our investments very quickly... a hollowing out of the economy may take place very quickly... this anxiety element is something we've got to live with."

Anxieties about competitiveness colour other areas of government policy. The government eschews welfarism. "We believe that if a person is given welfare, then why should he work very hard?" says Mr Goh. "It affects the diligence and the competitiveness of the individual and the nation."

Critics in the opposition parties argue that such views ignore the fact that there are many in Singapore who need help. They say that while some have doubtless benefited from Singapore's intensely competitive environment, many have fallen by the wayside.

A survey of Singapore's majority Chinese community conducted by the PAP itself identified more than 250,000 people (out of total population of 2.8m) who were "under-achievers", in need of government help.

Singapore's rulers are also accused by domestic political opponents of creating and perpetuating an elitist society. In the 1960s Mr Lee selected the best and brightest to run Singapore's government and bureaucracy. They worked hard and grew wealthy in the process. Those achievers can now afford to send their children to expensive schools and to overseas universities.

Mr Goh heartily endorses the system. "That's not elitism. We shouldn't hold anything against the children of parents who have done well. That's part of meritocracy."

It could almost be Mr Lee speaking. Such emphasis on competitiveness, stability and meritocracy echo the incessant pronouncements of the island's elder statesman. Mr Goh is the new figure at the centre of the Singapore stage. But he is still familiar with Mr Lee's script.

### PERSONAL FILE

- **1941** Born in Singapore. Educated at Raffles Institution, Singapore, University of Singapore (Economics) and Williams College, US.
- **1964** Joined administrative service, Singapore government.
- **1969-73** Neptune Orient Lines, national shipping company, rising to managing director.
- **1976** Elected to parliament.
- **1979** Minister of trade and industry, later serving as minister of health and defence.
- **1985** First deputy prime minister.
- **1990** Prime minister.

# A timid deficit reduction plan

**MICHAEL PROWSE on AMERICA**

When President Bill Clinton unveiled his economic plan in February, my response was sceptical, bordering on hostile. Release of the full budget last week did nothing to dispel my reservations, although it is heartening that Congress is baulking at the least defensible elements of the plan, such as the short-term fiscal stimulus and the temporary business tax credit: an economy growing at 3 per cent does not need an artificial boost. However, I remain puzzled that the weak deficit-reduction proposals are so universally applauded.

The planned $514bn of budget "cuts" over five years are hailed as a monumental triumph – the biggest deficit reduction package in US history. But look more closely. The structural budget deficit (the deficit adjusted to reflect cyclical changes in economic activity) falls moderately in fiscal 1994 – to $205bn against an estimated $252bn this year. But thereafter Mr Clinton makes absolutely no progress. The structural deficit steadily rises to $242bn in fiscal 1998, or 3 per cent of gross domestic product. Seven years into an economic upturn, the underlying deficit is higher relative to national income than in the late 1980s.

The debt-to-GDP ratio, which Mr Clinton once promised to reduce, is projected to rise steadily – from 51 per cent last year to 58 per cent in fiscal 1998.

Congress can approve so many cuts and still fail to reduce the structural deficit because the US is a decade or more behind other countries in its handling of budgets. It still lives in the era of "funny money": cuts are measured relative to the so-called "current services" baseline, which assumes that cash spending is passively increased to reflect increases in the cost of public services and the number of recipients.

When Mr Clinton talks about cutting Medicare, the health programme for the elderly, he is proposing to increase spending by 62 per cent in cash terms over five years, rather than the 75 per cent assumed in the current services baseline. This is the kind of austerity that a Democratic-controlled Congress can readily endorse.

Ms Laura Tyson, the chief White House economist, says the likely decline in the deficit is understated because the budget uses especially conservative assumptions on growth and interest rates. Her own more optimistic forecasts indicate the federal deficit could fall as low as $160bn in fiscal 1997 (rather than the $214bn in the budget documents) compared with $322bn this year, thus fulfilling Mr Clinton's campaign pledge to "halve the deficit" in four years.

A strong recovery might indeed cut the deficit quickly. But if structural problems are not addressed, it would provide only a temporary reprieve – akin to the miraculous British surpluses of the late 1980s.

My scepticism centres on the credibility of the spending projections. President George Bush wanted a smaller federal government but ended up presiding over an increase in expenditure of nearly 30 per cent in four years – in spite of curbs in defence spending.

Mr Clinton is an enthusiastic proponent of bigger government and is launching a range of expensive – and largely unfunded – programmes, from big infrastructure projects to the National Service plan to subsidise college education. Yet he wants us to believe that the total increase in spending can be held to only 15 per cent over four years, half the rate of increase under President Bush.

This hardly seems plausible, especially if you allow for the restructuring of healthcare, a sector that accounts for nearly a seventh of the economy. While intended to curb costs in the longer run, the reforms planned by the White House threaten a steep increase in spending over the next few years.

Extending coverage to the 15 per cent of the population now uninsured and guaranteeing everybody a generous package of benefits that includes items such as mental health care and long-term nursing home care (which are not included in most existing private insurance schemes) could cause an explosive increase in demand for medical services. And in the approach to the 1994 mid-term congressional elections, it is doubtful that Mr Clinton will offset these pressures with draconian controls on doctors and hospitals.

The revenue side of the equation is no more robust. To fund an extension of government services, Mr Clinton needs either an across-the-board increase in income taxes or a broad-based consumption levy, such as the European value added tax.

He is instead relying on sharp increases in marginal rates on the top 1 per cent and a narrow energy tax. The rich will dodge higher taxes either by simply reporting less income or by converting it into capital gains, which will be taxed at the old lower rate. Congress, meanwhile, is likely to scale back the already modest energy tax.

The White House claims that more aggressive attempts to curb the deficit would only imperil the economic recovery. Yet if it is safe to cut the structural deficit by more than $40bn next year why are similar cuts not possible in later years when the recovery, presumably, will be more mature? The truth is that the Clinton administration, contrary to its rhetoric, has yet to start making hard decisions on either spending or taxes.





# No farewell to arms yet

**IAN DAVIDSON on EUROPE**

When the cold war collapsed, the two superpowers marked the revolution in world history by agreeing deep cuts in their nuclear weapons, in the two Start treaties of 1991 and 1992. If these are ratified and implemented, the US and Russia should reduce the size of their nuclear arsenals from around 11,000-12,000 warheads to some 3,000-3,500 by the year 2003. Of course, even 3,000 warheads would be more than enough to blow the world to smithereens. Nevertheless, it really seemed as though the nuclear shadow might be receding. Some people even leaped to the extravagant conclusion that nuclear arms control had gone about as far as it could go.

It has not taken long for such euphoria to look crassly premature. For one thing, the Start treaties may themselves be capsized in the back-wash of the disintegration of the Soviet Union. For another, North Korea, which has certainly not recognised the end of the cold war, has decided to make its own bit of history, by walking out of the Nuclear Non-Proliferation Treaty (NPT).

The Start treaties are in jeopardy, because Ukraine appears to be drawing back from earlier undertakings to become a non-nuclear state, and it has not yet committed itself to surrender to Russia the intercontinental missiles and bombers which belonged to the former Soviet Union and were based in Ukrainian territory.

Ukraine's strategic motives are not entirely clear. It may believe that this arsenal of 176 ICBMs and 34 bombers could give them an ultimate security guarantee amid the manifold uncertainties of the region. On the other hand, it may just be holding on its nuclear weaponry as a bargaining chip, either to exchange against foreign financial aid, or to secure some form of security guarantee from the west.

Either way, Ukraine is playing ducks and drakes with the fragile structures of arms control. It is hanging back on the ratification of the 1991 Start-1 nuclear weapons treaty; and so long as Ukraine fails to ratify Start-1, Start-2 cannot be ratified, and will obviously not be implemented. Moreover, Ukraine is delaying signing the Non-Proliferation Treaty (NPT), which is the bedrock of the international nuclear arms control regime.

The purpose of this treaty, signed in 1968, was to restrict the spread of nuclear weapons, by having two categories of signatories – a handful of states with nuclear weapons which would undertake not to supply them to other countries, and a large number of non-nuclear states, which would undertake to remain so.

Ukraine's delay in signing the NPT may well be an indication that it has not yet decided whether to claim the status of a nuclear-weapon state. But its hesitations can hardly fail to threaten the credibility of the arms control regimes. Some observers fear that Ukraine's example could have a knock-on effect on Kazakhstan, which also inherited ICBM nuclear missiles from the Soviet Union, and might be induced to follow Ukraine's example.

The North Korean case is the other side of the coin. It joined the NPT in 1985 as a non-nuclear-weapon state, and as such is subject to inspection by the International Atomic Energy Agency (IAEA). But it seems that North Korea may have been working on a nuclear bomb project on the sly. The US had suspected this for some time. The IAEA started detecting disturbing evidence last autumn, and earlier this year demanded to inspect secret facilities in Yongbyon. The North Koreans staged an indignant refusal, and then announced they were walking out of the NPT (as they are entitled to do). The IAEA has denounced the North Koreans, and has reported them to the United Nations Security Council.

But it is unlikely the council will be able to settle the issue. For one thing, the Chinese (who have their own reasons for resisting UN interference in the internal affairs of member states) will almost certainly veto sanctions. In any case, sanctions are unlikely to have much effect on the closed regime of North Korea.

Over the years the NPT has had more than its share of success. Most UN members are members. After long resistance, France and China have finally signed up as weapon states. South Africa has signed up as a non-weapon state after secretly developing, and then secretly abandoning, a nuclear weapon programme.

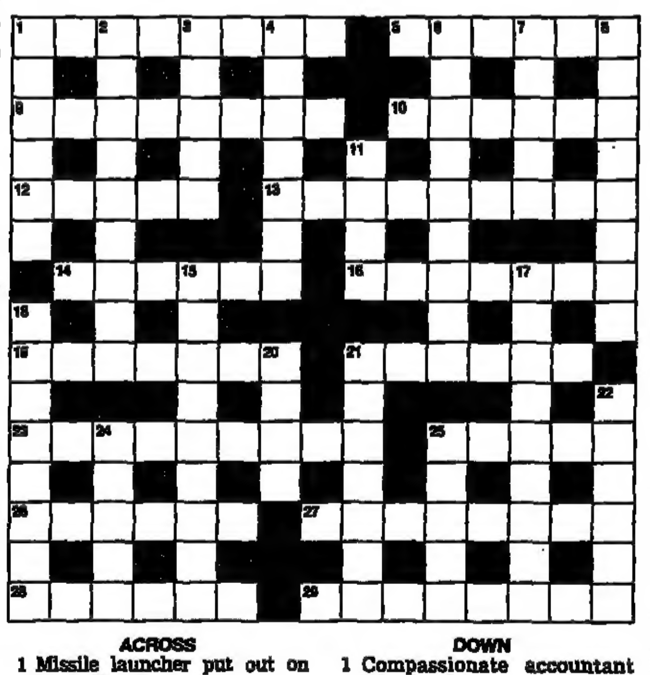
The problem is that the North Korean case shows clearly the imperfections of the NPT as a bulwark against the spread of nuclear arms. Iraq is a treaty signatory, and certainly had (and indeed may still have) a secret nuclear weapons programme. Iran is a signatory, and probably it has nuclear ambitions too.

Moreover, the discipline of the NPT seems likely to decline in future. First, nuclear technology will become increasingly accessible to any country which can muster the economic and scientific resources. Second, there is a danger that Soviet nuclear weapons will be sold secretly to developing countries. There are reports that at least one weapon has already been sold to Iran. Third, the end of the cold war means that the restraining effect of the superpower confrontation has been withdrawn, and so regional conflicts become more likely.

The real test of the NPT is how long it can survive as a treaty dividing the world into the haves and the have-nots. As the price for their self-denial, the have-nots have put a number of demands to the nuclear states, including a ban on testing and deep cuts in arsenals. These conditions will be put to the test in 1995, when the treaty formally expires. If the signatories do not decide to extend it, we could be in for the kind of nuclear arms race which the superpowers have just given up.

## CROSSWORD

No.8,124 Set by GRIFFIN



**ACROSS**

1 Missile launcher put out on prow (8)
5 Rescuer left clutching tray (6)
9 Exulted by "Joseph on Ice" in colour (8)
10 Meet half of account for preceding quarters (6)
12 In, panic he's suggested a recess (5)
13 Detest Jack taking me into a ground (9)
14 Miserable maids could be left behind (6)
16 Busy, very short, vet's joint (7)
19 Charred lace woolly with end removed (7)
21 Group increases cover for spills (6)
23 Cases man needs since travelling around (9)
25 Said tea drink causes wind (5)
26 Fit of shivering after the French class (6)
27 Mean to take something round to game (8)
28 Is returning before midnight to catch seal (6)
29 Plan to obtain retirement and wander around (8)

**DOWN**

1 Compassionate accountant joins band (6)
2 I've job, etc, to improve design (9)
3 Fancy woman's taken home (5)
4 Kinky lover wrapping Albert in blanket (7)
6 One admitted it is able to develop talents (9)
7 Not in criminal's house (5)
8 Withdraws incomplete red handles (8)
11 Black cat on top of grave (4)
15 Getting ripe outside in one minute (9)
17 Equipment: a kit we prepared for flier (9)
18 Longs to embrace sick Greek hero (8)
20 Fish up by King's Wharf (4)
21 Puts drunk on craft of arrogant person (7)
22 Truly the soldiers' friend (6)
24 Scold girls for standing around Norwegian capital (5)
25 Volunteers to follow the Greek character (5)

**The solution to last Saturday's prize puzzle will be published with names of winners on Saturday April 24.**